



FUND your FUTURE

2002
2003

Grants, Loans and Other College
Financial Aid Programs



WORKBOOK

A college education is more important than ever today, yet paying for one can be a challenge.

If you or your family need help with college costs, there's good news: Financial aid is available. What's more, applying for federal and state student aid is *free*. You can apply for financial aid during your senior year of high school through your senior year in college. The key is to start your research early to learn about all your options and make sure you meet priority deadlines.

In the pages ahead, you'll learn about the major financial aid programs and how to apply for them. You'll also find tips for managing your money wisely, both during college and after.

A college education is one of the best investments you can make. We're committed to helping you get the education you want and wish you every success.

Wally Boeck
Executive Director
California Student Aid Commission

Becky Stilling
President
EDFUND

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EVERYONE SHOULD APPLY FOR STUDENT AID!

If you think you'll need financial aid, apply for it. For more information, see your high school counselor or college financial aid administrator, or call:

- **888.CA.GRANT**
(that's toll free 888.224.7268)
The California Student Aid Commission, with questions about the Cal Grant Entitlement and Competitive programs, other state aid programs, and how to apply for student aid.
www.csac.ca.gov
- **877.2EDFUND**
(that's toll free 877.233.3863)
EDFUND, for information on federal student loans, financial planning, and more.
www.edfund.org
- **800.4FED.AID**
(that's toll free 800.433.3243)
The Federal Student Aid Information Center, to learn more about Pell Grants, other federal aid, and the Free Application for Federal Student Aid.
www.ed.gov/studentaid

College in this guidebook refers to a college, university, graduate or professional school, occupational, career, or technical school, or any other educational institution beyond high school.

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Financial Aid Checklist

To help you stay on track the year before college

FALL

September

- ☐ Check out scholarships and grants on the Web or in your library's directories.
- ☐ Ask about scholarships offered by local community service organizations.
- ☐ Research military and veterans education benefits.
- ☐ Look into the AmeriCorps program, which allows you to earn full-time educational awards in return for community service work.
- ☐ Learn about low-interest federal student loans, if you think you'll need to borrow.
- ☐ Meet with your high school counselor to discuss your college plans and financial aid needs. Also, check out www.mapping-your-future.org.
- ☐ Request college catalogs and admissions packets, and meet with college representatives visiting your high school.
- ☐ Check out colleges on the Web.
- ☐ Ask the colleges you're applying to about their student aid programs, including fee waivers and special tuition payment plans.
- ☐ Make a list of important deadlines for college admissions and financial aid applications.
- ☐ Get started filling out forms and writing essays for admissions applications and scholarship competitions.
- ☐ Sign up to take the SAT, ACT or GED exam. You should take these exams at least six weeks before your earliest deadline for college admission or financial aid.
- ☐ Look into advanced placement exams for college credit at your high school. These may be taken beginning in the 10th grade, but they are not offered by all high schools.

- ☐ Apply for a Social Security number, if you don't already have one. Call 800.772.1213 (TTY 800.325.0778), or go to www.ssa.gov to download application form SS-5 or to locate the nearest Social Security office.
- ☐ If you're a male age 18 to 25, register with the U.S. Selective Service so you'll be eligible for federal student aid. You can register at your high school or post office or online at www.sss.gov.
- ☐ Keep up your grades.
- ☐ If you don't already have a college fund, start one with your earnings from summer, after-school, or holiday jobs.

October

- ☐ Register for a PIN at www.pin.ed.gov. Your personal identification number serves as your e-signature for the online FAFSA. Your parents can get a PIN too.
- ☐ Attend your high school's college fair and financial aid workshop.
- ☐ Visit your top college choices or take virtual tours of the campuses on their Web sites.

November

- ☐ Pick up the 2002-2003 Free Application for Federal Student Aid, or FAFSASM, at your high school, college, or library, or go to www.fafsa.ed.gov for the online FAFSA.
- ☐ Ask your teachers, counselors, and employers for letters of recommendation for your admissions or financial aid applications.
- ☐ Pick up the GPA Verification Form required for Cal Grants from your high school counselor, college financial aid office, or the California Student Aid Commission.
- ☐ Note which colleges require financial aid applications in addition to the FAFSA and request them from the college.
- ☐ Register for the College Board's CSS PROFILE[®] application if you're applying to an independent college that requires one for its financial aid programs.
- ☐ Submit your college admissions applications.

December

- ☐ Collect your financial records and those of your family for the year 2001. You'll need records of earnings, current bank statements, mortgage information, business or farm records, and Social Security, veterans, and welfare benefits.
- ☐ Watch the mail for college admissions letters and financial aid offers if you applied for early action or early decision.

WINTER

January

- ☐ Apply for financial aid if you think you'll need it. Don't disqualify yourself!
- ☐ Complete the FAFSA, online if possible.
Give yourself plenty of time. Use estimates if you or your parents haven't completed your federal tax return.
- ☐ File the FAFSA as soon as possible after January 1, but not before. Make sure you and a parent, if required, sign it.
- ☐ Meet all deadlines. Some may be earlier than the March 2 Cal Grant deadline.
- ☐ Keep a photocopy or printout of everything you send. Get a certificate of mailing for the GPA Verification Form and the FAFSA, or the FAFSA signature page, if you'll be mailing them, to verify you met the deadlines.
- ☐ Remind your parents to complete their tax returns, if they haven't done so already. That way, you'll have their final financial records when you receive your Student Aid Report.

SPRING

March

- ☐ If you haven't already done so, apply for Cal Grants A, B, and C by filing the FAFSA and the GPA Verification Form no later than the March 2 application deadline.
- ☐ Apply for private scholarships, if you haven't already done so. Many have early deadlines.
- ☐ Watch your mail for college admissions letters and financial aid award letters. Admissions letters may be sent first.
- ☐ Review your Student Aid Report, or SAR, which you should receive within four weeks of filing your FAFSA.
- ☐ Respond promptly to any requests for additional information from your college, private scholarship organizations, or the California Student Aid Commission. If you receive a California Aid Report or corrections letter from the Commission, be sure to review it for accuracy and respond if necessary.
- ☐ Evaluate all financial aid offers carefully.
- ☐ Consider grants, scholarships, and other aid you don't have to repay before accepting a student loan. *Accepting a loan means accepting the responsibility of repaying it.*
- ☐ Decide on a college and send in any forms or deposits by the deadline.
- ☐ Sign and return your college's financial aid award letter, noting the awards you're accepting and the ones you're declining.
- ☐ Notify the colleges you won't be attending.

April

May

- ☐ Have your final transcript sent to your college.
- ☐ Look for a summer job to help with college costs. Or sign up for summer school or an internship.

SUMMER

- ☐ Report any additional scholarships you receive to your college's financial aid administrator.
- ☐ Prepare a financial plan. Start with the financial worksheet on page 35, or go to EdWise®, the financial planning guide at www.edwise.org.
- ☐ Arrange for college housing and transportation.
- ☐ Plan to attend college orientation.
- ☐ Complete your federal student loan promissory note if you'll be borrowing for college. *Give yourself some credit—borrow smart!*

Looking ahead to college but need help with the costs?

Your first step should be to look into grants, scholarships, and other “gift aid” you don’t have to repay. Also explore “merit aid” opportunities, including scholarships based on academic achievement, talent, athletic ability, or community service. Then ask if your college offers special installment payments or prepaid tuition plans.

A summer job and part-time work during the school year can go a long way toward college costs. In addition, you may be eligible for work-study, which provides the means for you to earn money for college through a job on campus or in the community. Work-study is offered through your financial aid office. A student loan can also help, but you’ll have to repay any money you borrow, with interest. Your parents may want to consider a federal PLUS loan to help pay your college bills.

The federal government is the largest source of money for college. But student aid is also available from the state government, colleges, community organizations and private foundations. Many companies also offer financial aid, as do branches of the U.S. armed forces.

While some resources are well known, others may take some sleuthing on your part to uncover. Your high school counselor and college financial aid administrator can give you a head start. Also, be sure to check out the Web. You’re encouraged to apply for financial aid as soon as possible after January 1, as most funds are limited.

Do I Qualify?

Most financial aid is awarded based on your calculated financial need rather than academic achievement. Your financial need is the difference between what it will cost you to attend a particular college, known as your student budget (or cost of attendance), and what you and your family can pay toward those costs, known as your expected family contribution, or EFC. Your financial need depends on your family’s income, assets, student budget, and other factors.

But not all student aid is based on need. Many scholarships are based on good grades, leadership skills, special talents, career interests, community service, heritage, and other criteria. Also, unsubsidized federal student loans are for all eligible students, regardless of their resources.

Start with the FAFSA— It’s Free

To apply for federal and state financial aid, you’ll need to complete the Free Application for Federal Student Aid, or FAFSASM. Whether you apply electronically or on paper, it’s free. Many colleges also use the FAFSA to distribute their student aid dollars.

Colleges and state agencies will use the information you provide on your FAFSA to determine your eligibility for financial aid. You need to complete only one application each school year. Work with your high school counselor and each college’s financial aid administrator to make sure you meet financial aid requirements and deadlines.

Other Financial Aid Forms

Some independent colleges require additional forms, such as the CSS/Financial Aid PROFILE[®], to help them award financial aid. Unlike the FAFSA, the PROFILE costs money to file and to send to each college that requests it. The PROFILE can be submitted on paper or online beginning September 15. To learn more, contact your college’s financial aid office, call toll free 800.778.6888, or go to www.collegeboard.com.

Dependent on your parents or independent?

Whether you're a dependent or independent student is key to establishing your financial aid eligibility and determining the types and amounts of aid you may receive. If you're considered your parents' dependent, your parents' ability to contribute is considered. If you're independent of your parents, you'll be evaluated on your own—your parents' income or assets won't be considered for most financial aid. (If you're married, your spouse's income and assets will be considered along with yours.)

For the 2002-2003 school year, you're considered an independent student if at least one of these describes you:

- You were born before January 1, 1979.
- You're an orphan or ward of the court (or were a ward of the court until age 18).
- You have children or legal dependents, other than a spouse, whom you support.
- You're enrolled in a graduate or professional program.
- You're married as of the date you file your FAFSA.
- You're a veteran of the U.S. armed forces, or you attended a U.S. military academy and were released under a condition other than dishonorable.
- You have special circumstances, as documented by a financial aid administrator.

If you're a dependent student, your parents must provide their financial information on your FAFSA. If your parents are divorced or separated, read the FAFSA instructions for guidance on which parental financial information to report. For private scholarships, you may need to provide information on your parents' finances, whether or not you're a dependent student.

What You and Your Parents Are Expected to Contribute

The information you provide on your FAFSA is used to estimate your expected family contribution, or EFC—the amount of money that you and your parents can reasonably contribute toward your education. Your EFC is determined by a complex federal formula, using the information you provided

on your FAFSA. The higher your EFC, the more you and your family can contribute to your college bills, and the less your calculated need.

Keep in mind that your expected family contribution may not be what you and your family end up paying. This is because your college's student budget contains reasonable expenses, not your actual ones. Also, not all colleges may be able to meet all of your calculated financial need.

For dependent students, the following criteria are considered in calculating expected family contribution:

- your income and your parents' income
- your assets and your parents' assets, including savings, stocks, mutual funds, college savings plans, real estate investments, and trusts
- your parents' ages
- the number of children and other dependents in your family, and
- the number of children in college.

Even though the FAFSA doesn't take home equity, retirement funds, prepaid tuition plans, or life insurance plans into account when calculating your expected family contribution, some colleges still may consider these assets and others.

Within four weeks of filing your FAFSA, or much sooner if you file electronically, you'll receive your Student Aid Report, or SAR. It will have an estimate of your expected family contribution listed at the top. Your college's financial aid office will review this initial estimate to determine your eligibility for aid.

Whether your college costs are high or low, your expected family contribution will be the same for state and federal aid, but you may be eligible for different types and amounts of aid at different colleges.

If you or your parents cannot meet your expected family contribution, or if your financial situation changes substantially, contact your financial aid office and be prepared to provide supporting documents. In some cases, the financial aid administrator can consider unusual family financial circumstances that may affect your eligibility for state and federal aid.

“Tip”

Everyone should apply for financial aid. If your family's income is too high, you may not receive need-based aid, but you could still qualify for scholarships and low-interest student loans.

ESTIMATE YOUR EFC AHEAD OF TIME

You can estimate your expected family contribution ahead of time by using the online calculator at www.finaid.org.

If you use FAFSA on the Web at www.fafsa.ed.gov, you can get an estimate of your EFC instantly. Your official EFC and Student Aid Report will arrive later by mail or e-mail.

For college costs on more than 9,000 colleges and career schools, see the U.S. Department of Education's Web site at www.nces.ed.gov/ipeds/cool.

“Tip”

If you are or were a foster youth, be sure to check yes on FAFSA question 57, confirming you are an orphan or ward of the court or were a dependent of the court until age 18.

APPLYING ONLINE IS A SNAP!

The easiest, fastest, and smartest way to apply for state and federal student aid is by using FAFSA on the Web at www.fafsa.ed.gov. It's available in both English and Spanish.

You can apply around the clock, seven days a week. The online 2002-2003 FAFSA will be available in November.

When you file online, you'll be asked only those questions that apply to you because FAFSA on the Web uses skip logic. Plus, your answers will be automatically edited with built-in prompts, resulting in fewer errors. You'll find help online for each question, in addition to a general help button. What's more, FAFSA on the Web now has a chat feature where you can exchange live messages online with a customer service representative.

Your application will be transmitted to the federal processor within seconds, and you'll usually receive your Student Aid Report within a week.

Before you start filling out the online FAFSA, print the Pre-Application Worksheet listing the financial information you and your parents will need to collect beforehand.

You and your parents can sign your application electronically using a PIN, or personal identification number, as your e-signature. If you don't have a PIN, you can still file online. You'll receive an incomplete Student Aid Report that must be signed and returned before your expected family contribution will be calculated. You can also print, sign, and mail the signature page.

To meet the Cal Grant application deadline, you'll need to transmit your FAFSA before 3 p.m. Pacific time March 2, but you're encouraged not to wait until the last minute.

By following the Pre-Application Worksheet, you'll have all the information you need at hand when you start working on the computer. Another new feature allows you to save your application on the Web site for up to 45 days. Before transmitting your application, print it to make sure you typed in everything accurately, then keep a printout of your final application.

For an electronic postcard confirming that your application was received, enter your e-mail address. Be sure to print out the confirmation and keep it for your records.

To learn more, go to www.fafsa.ed.gov or call 800.801.0576.

Your PIN

You can e-sign your FAFSA using your four-digit PIN. To apply for a PIN, go to www.pin.ed.gov. You'll need to type in your name, Social Security number, and other information. The U.S. Department of Education will then e-mail your PIN. If you wish, you can create your own PIN.

Your parents can also get a PIN. If you filed a FAFSA last year, you'll be mailed a PIN to access your Renewal FAFSA. Be sure to keep your PIN confidential.

Besides signing your FAFSA electronically, you can use your PIN to make corrections to your FAFSA information, review your federal student aid records online, and access your Renewal FAFSA next year.

Student Budget

Your student budget, or cost of attendance, includes tuition, fees, books, supplies, housing, food, transportation, an allowance for loan fees and the purchase or rental of a computer, and personal expenses for the school year, as calculated by the college. It may also include allowances for childcare costs and expenses for disabled students.

Your student budget will vary depending on where you live (with your parents, on or off campus) and the college you attend. If you have small children who need care while you attend college, the final calculation may take childcare expenses into account. If you have a disability, let your college know if you have any additional expenses that aren't covered by an agency or insurance. You'll usually have to provide documents supporting your additional expenses.

Your Financial Aid Eligibility

Using your student budget and the information on your SAR, your college will determine your eligibility for financial aid, also known as your financial need. You become eligible for need-based financial aid when your own—and your family's—ability to pay is less than your college costs. The college's financial aid administrator will subtract your expected family contribution from your student budget—the difference is your financial need

Financial Aid Eligibility

College Costs (tuition, fees, books, supplies, housing, food, transportation, personal expenses, and possibly, a computer)

– **Your Expected Family Contribution**
(how much you and your parents can pay)

= **Your Financial Need**

Financial Aid Awards

Once your college's financial aid administrator determines your financial need, you'll be sent a letter containing a list of the types and amounts of financial aid you're eligible to receive, a deadline for accepting or declining the student aid, and more. The financial aid may include grants, scholarships, work-study, loans, tuition discounts, fee waivers, or other types of assistance.

When you apply to more than one college, your financial aid offers may vary. Your family's out-of-pocket expenses also may vary from college to college because both student budgets and financial aid offers differ.

If you're considering more than one college, you may want to wait until you've heard from each one before making a decision. But don't delay so long that you miss important deadlines.

Keep in mind you don't have to accept your entire student aid package. If you don't accept the loan portion, however, the college usually won't be able to increase any grant funds.

Be sure you understand all the terms and conditions of each offer before accepting it. Also, let your financial aid administrator know if your resources or expenses change, both before and during the school year. Don't be shy—it's your future!

Reapplying for Aid Each Year

To continue receiving federal and state financial aid, you must reapply each year. With few exceptions, awards are "new" each year. For Cal Grants, your award will be automatically renewed if you continue to meet the eligibility requirements.

To reapply for aid, simply add any new information to your Renewal FAFSA, which you should receive at your home address in late fall. If you don't receive your Renewal FAFSA by January 15, complete a new FAFSA. You can also reapply online using your PIN to access your Renewal FAFSA at www.fafsa.ed.gov.

Most of the biographical information on your Renewal FAFSA will be the same information you provided the prior year. Write in only information that has changed, such as your income or family size, and complete any areas left blank. Look for bold arrows and questions that don't have answers. Be sure to review the colleges you listed. Contact your college's financial aid office if you need assistance.

If you currently have a Cal Grant, the campus you'll be attending in 2002-2003 will evaluate your renewal eligibility. Be sure to list that college on your FAFSA so it will receive a copy of your Student Aid Report. You don't need to submit another GPA Verification Form to renew your Cal Grant.

If you change schools, your financial aid won't always go with you. To find out how to receive aid at your new college, contact the college's financial aid office. If you have a Cal Grant, you'll need to notify the California Student Aid Commission using the Renewal Recipient Change Form attached to the Cal Grant renewal letter.

EVALUATING YOUR FINANCIAL AID OFFERS

Be sure to carefully evaluate all offers. Using the worksheet provided here, do a side-by-side comparison of each college's offer to determine what it will cost you to attend. (Also see the financial planning worksheet on page 35.) When comparing offers, here are some things to consider:

- What is your total student budget and how much are you and your family expected to pay?
- How much is being offered in grants and scholarships? Are they renewable? What are the terms and conditions? For example, some colleges require scholarship recipients to maintain a certain grade point average.
- If grants or scholarships don't cover your total calculated financial need, can you earn the remaining balance or do you need to borrow?
- How much loan aid is offered? Are the loans subsidized or unsubsidized? What are the terms and conditions of each loan? If you don't know, check with the college's financial aid office.

College	_____	_____	_____
Costs			
Tuition and fees	_____	_____	_____
Room and board*	_____	_____	_____
Books and supplies	_____	_____	_____
Transportation	_____	_____	_____
Other costs	_____	_____	_____
Total costs	_____	_____	_____
Expected family contribution			
Your contribution	_____	_____	_____
Your parents' contribution	_____	_____	_____
Total EFC	_____	_____	_____
Grants			
Pell Grant	_____	_____	_____
Cal Grant	_____	_____	_____
Other grants	_____	_____	_____
Scholarships	_____	_____	_____
Total grant aid	_____	_____	_____
Work-study			
Federal work-study	_____	_____	_____
State work-study	_____	_____	_____
College work-study	_____	_____	_____
Total work-study aid	_____	_____	_____
Loans			
Stafford subsidized loan	_____	_____	_____
Stafford unsubsidized loan	_____	_____	_____
Perkins loan	_____	_____	_____
PLUS loan for parents	_____	_____	_____
Alternative loan	_____	_____	_____
Total loan aid	_____	_____	_____
Total financial aid	_____	_____	_____
(Total grants + total work-study + total loans)	_____	_____	_____
College costs not covered by aid (in addition to EFC)	_____	_____	_____
(Total costs – total financial aid)	_____	_____	_____

*If room and board are not part of your housing contract, check with the college or look in the local paper for rental costs.

How Do I Apply?

1. Find out what's offered and what's required.

Research state and federal financial aid programs. When applying for admission, find out about each college's student aid programs and how to apply for them. Application procedures, deadlines, and requirements may vary by college. Out-of-state colleges also may have different application processes. Be prepared to provide additional materials, such as copies of your and your family's federal income tax returns, directly to the college.

2. Complete the FAFSA.

Applying for state and federal financial aid is free. Simply complete the 2002-2003 Free Application for Federal Student Aid, or FAFSA (it's white, blue, and purple this year). The FAFSA asks for information about your family's finances, mostly from tax returns. But you don't need to wait until your parents (or you) file your 2001 tax return—you can use estimates from December pay stubs and other end-of-year records. The numbers can be corrected later, if necessary. Meeting deadlines is more important than holding the FAFSA until you have the actual numbers.

You need to file the FAFSA only once each year. There are paper and electronic versions, both available in English and Spanish. Pick up the paper FAFSA in November at your high school, library, or college financial aid office, or call 800.4FED.AID (800.433.3243) for an application form. Photocopies or faxes of the FAFSA are not accepted.

The online FAFSA for 2002-2003 will be on the Web at www.fafsa.ed.gov in November also.

Carefully review the instructions and complete the FAFSA accurately. Any mistakes will only delay the processing of your application. Be sure to keep a photocopy or a printout. Also, save all the financial records you used to fill out the FAFSA, and your worksheets, because you may need them later if you're asked to verify any information.

If mailing your FAFSA, use the pre-addressed envelope that came with it. The paper FAFSA also comes with a postcard you can use to confirm that your application was received. Be sure to get a certificate of mailing from the post

office as evidence your FAFSA was sent on time. Using a special mailing service could delay processing.

Be sure you don't submit—or even date—your 2002-2003 FAFSA before January 1, 2002. If you do, it will be returned unprocessed and you'll have to file again.

Along with the FAFSA, some colleges may require additional applications, so be sure to check with each college's financial aid office.

3. Meet all deadlines.

There are a lot of deadlines to keep track of when you apply for financial aid. First, file the FAFSA as soon after January 1 as possible for state and federal aid, including federal Pell Grants and Stafford student loans.

For Cal Grant A and B Entitlement and Competitive awards, and Cal Grant C, you must submit your FAFSA by the March 2, 2002, application deadline. Students who will enroll in a California community college in fall 2002 have a second deadline of September 2, 2002, to apply for a limited number of Cal Grant A and B Competitive awards.

For Cal Grant T, you must file your FAFSA early enough (by mid-April if you're applying by mail) so that you have a completed Student Aid Report with a calculated expected family contribution by the June 1, 2002, application deadline.

For all Cal Grants A, B, and C, you'll also need to submit the California Student Aid Commission's GPA Verification Form by March 2. For Cal Grant T, you

must submit the Cal Grant T GPA Verification Form by June 1. Your school must certify the GPA Verification Form but, once certified, you or your high school may mail it.

All Cal Grant application deadlines are postmark deadlines.

Each college sets its own deadlines for the federal financial aid programs it administers, including Perkins loans, Federal Supplemental Educational Opportunity Grants, and Federal Work-Study, along with the programs unique to the college. These deadlines are early in the year and are often called "priority" deadlines, meaning that if you file on time, you'll receive priority when financial aid awards are made.

Keep in mind that deadlines for college admission and those for financial aid are usually different. Be sure to meet the earliest deadline for all the colleges you're considering. Also, check with each college to find out if the deadline is the *postmarked* date or the *received* date.

4. Review your Student Aid Report.

Within four weeks of filing your FAFSA, or as soon as 72 hours if you file online, you'll receive your Student Aid Report, or SAR. (If you file online, you'll receive a Student Aid Report Information Acknowledgment by e-mail.)

The report contains a summary of the information you provided on the FAFSA and lists your expected family contribution—the number used to determine your eligibility for state and federal aid. Look for this number next to the "EFC" printed on the front page at the upper right—there won't be a dollar sign. If there are any numbers after the EFC, even zeros, then your expected family contribution was calculated. (If your EFC is zero, then no family contribution is expected.) If there are no numbers, your SAR is incomplete and must be corrected before an EFC will be calculated.

"Tip"

Don't wait until you've been accepted to college to apply for financial aid. If you do, you may miss out on grants, scholarships, and other free money for your education.

Immediately review your SAR carefully for accuracy, following the instructions if you need to make any changes or corrections, and then send it back. Using your PIN, you can make these changes at www.fafsa.ed.gov. Be sure to keep a copy.

If you don't receive your SAR within four weeks, or if you need another copy, call 800.433.3243 or go to www.fafsa.ed.gov.

Each college you list on your FAFSA will receive your SAR information. The California Student Aid Commission will also receive it to evaluate your eligibility for a Cal Grant and other state student aid, as long as you list at least one qualifying California college.

If you want additional colleges to receive your SAR information, call 800.433.3243. You'll need to provide your Data Release Number, or DRN, found at the top right corner of the front page of your SAR. If you have a PIN, you can do this online at FAFSA on the Web, even if you didn't file your FAFSA electronically.

A quick note about verification: Each year, the federal government selects a number of FAFSAs for verification. Colleges will ask you to verify the information you provided on your application, if required. Your college will let you know the documentation you need to provide.

5. Research private grants and scholarships.

Check the requirements and deadlines for private scholarships and grants at each college when applying, and in directories on the Web or in your library. You may need to write letters and essays, or be interviewed, as part of the application process, so start your research at least one year before you'll be applying to college. You can apply for many private scholarships throughout your college years.

“Tip”

Get organized now. Create financial aid files for all your paperwork.

Start with a copy of your FAFSA and worksheets, your PIN, and all your records. Later you can add your Student Aid Report, award letters, and other important papers.

6. Look into federal student loans.

To apply for a federal student loan, you must file the FAFSA first. Even if you're not sure you'll need a loan, it's a good idea to answer yes to FAFSA question 33 indicating your interest in one, in case your situation changes later on. (If you say you're not interested in a loan, it doesn't mean colleges will step in with additional grant funds.)

The FAFSA establishes your eligibility for both a subsidized and an unsubsidized federal Stafford student loan. Your college will tell you if you qualify. If you accept a student loan, you'll need to sign a Master Promissory Note. Requirements vary for the different student loans, and participation in the loan programs may vary from one school to the next. For more on federal loans and what it means to borrow, see pages 18-26. For more on borrowing wisely, go to www.edwise.org.

7. Evaluate all offers.

Carefully read all letters you receive from the federal processor, colleges, the California Student Aid Commission, EdFUND, and private scholarship organizations. Because college admissions letters and financial aid eligibility letters usually aren't mailed at the same time, you may learn about your financial aid offers after learning if you've been accepted to a particular college. Be sure to respond promptly if you're asked for more information.

Colleges consider your expected family contribution and other available resources such as Pell Grants, Cal Grants, scholarships, and part-time work when determining your eligibility for their own financial aid programs.

Private organizations will notify you directly of an award, its requirements, and how you'll receive it. Remember, private scholarships are counted as part of the total resources available to you for your college expenses, so let your college know about any private awards as soon as possible.

Cal Grants A, B, C Deadline MARCH 2

Apply no later than March 2, 2002. Along with submitting your FAFSA to the federal processor by March 2, you must send the GPA Verification Form to the California Student Aid Commission by March 2. Be sure to read the GPA Verification Form, as it contains important information. To be considered for California state aid, at least one of the colleges you list on your FAFSA must be a qualifying California school.

Community College Transfer Entitlement Awards MARCH 2

Students who graduated from high school after June 30, 2000, attended a California community college, and meet the financial, academic, and eligibility requirements for a California Community College Transfer Entitlement award, must apply by March 2 of the award year.

Missed the March 2 Deadline?

Even if you missed the March 2 deadline, you still may be able to apply for a federal Pell Grant, a federal student loan, some college-based aid, and private scholarships and loans.

Second Deadline for California Community College Students SEPTEMBER 2

Students who will be attending a California community college in the fall and miss the March 2 deadline have until September 2, 2002, to apply for a Cal Grant A or B Competitive award. Since the number of awards available in September is limited, it's still best to file by March 2.

Cal Grant T Deadline JUNE 1

For Cal Grant T, you must file your FAFSA early enough so that you have a complete Student Aid Report with a calculated expected family contribution by June 1. You also must submit the Cal Grant T GPA Verification Form to the California Student Aid Commission by June 1.

Tips for Completing the FAFSA

The Free Application for Federal Student Aid asks for a lot of information about you, your family, and your family's finances. Here are some tips to help you successfully complete the FAFSA.

1. Do your homework. Study this workbook so you'll know how the financial aid process works, your options, and the deadlines.

2. Gather these materials ahead of time:

- the FAFSA and any additional application materials required by the college.
- your Social Security number. If you don't have a number, you can apply for one at your local post office or Social Security office. To learn more, go to www.ssa.gov or call 800.772.1213 (TTY 800.325.0778).
- financial records, including 2001 federal income tax returns, with all schedules; W2 forms and other records of 2001 earnings; current bank statements, mortgage information, business, farm, or investment records; 1099 forms; and records of untaxed income—welfare, veterans, and Social Security benefits.
- the GPA Verification Form for Cal Grants. Keep in mind that a school official must verify your grade point average, so be sure to allow enough time for this.

3. Get an early start. In November, pick up the paper FAFSA or pull up the online FAFSA at www.fafsa.ed.gov to get an idea of the questions you'll need to answer.

4. Complete the 2002-2003 FAFSA. If you're applying for student aid for the 2002-2003 school year, you must file the 2002-2003 FAFSA. Set aside a good four hours or more to complete the application.

5. Read all instructions thoroughly. Work through each step carefully and accurately to avoid mistakes. Careless errors can cause processing delays, which could mean missed deadlines and dollars.

6. Spell your name as it appears on your Social Security card. Using a nickname or other name will delay processing.

7. Use estimates if you don't have a completed tax return. It's easier to fill out the FAFSA if you have a completed 2001 federal tax return, but you can use estimates rather than missing a deadline. Estimated numbers can be corrected later on your Student Aid Report, if necessary.

8. File online if you can. There's a worksheet you can print ahead of time at FAFSA on the Web. The online FAFSA also has built-in prompts that mean fewer errors. Plus, you could receive your Student Aid Report as soon as 72 hours.

9. Be neat. Use black ink. Print clearly and neatly in capital letters, skip a box between words, and fill in each answer oval completely. Your FAFSA will be scanned, so neatness can mean fewer corrections. Don't use a FAFSA that's torn, crumpled, or stained.

10. Write only in the response areas and boxes. Keep the margins clean.

11. Answer all financial questions. If your response is zero, or the question doesn't apply to you, enter a 0. Using a symbol could invalidate your entire application. Make a list of unanswered questions and be sure each has been answered before filing your FAFSA.

12. Don't skip the drug-conviction question. A drug conviction doesn't necessarily make you ineligible for student aid, but colleges are not allowed to provide federal aid to students who don't answer this question. Students with convictions will receive a worksheet with their Student Aid Report to determine if their conviction affects their eligibility for federal aid. Students ineligible for federal aid may still be eligible for state, college, or private aid and can regain their eligibility for federal aid early by completing a drug rehabilitation program. If you have questions, call 800.433.3243.

13. Don't attach anything to the FAFSA. Don't send any letters, tax forms, or other papers with the FAFSA—they'll only be tossed and delay processing. Instead, send any additional information regarding your special circumstances directly to the financial aid office at each college you're considering. Contact each one first to see how and when the information is needed. Be sure to put your name, date of birth, and Social Security number at the top of each page.

14. Be sure you and at least one parent, if required, sign the FAFSA.

Unsigned forms will not be processed. You and a parent can e-sign your FAFSA with your PINs.

15. Keep a photocopy or printout of your FAFSA. Also keep copies of all the worksheets and financial records you used to complete the FAFSA. Your college may ask to see them.

16. Don't mail, or even date, the FAFSA before January 1. If you do, it will be returned unprocessed and you'll need to file again.

WHERE TO GO FOR HELP

For help completing the FAFSA, contact your high school counselor or college financial aid administrator. Or call the Federal Student Aid Information Center at toll free 800.433.3243, 319.337.5665 if you're out of the country, or TTY 800.730.8913—the staff are very helpful, there's usually not a long wait, and you can call any day of the week. You'll also find help at www.ed.gov/studentaid.

What's next?

WHAT HAPPENS AFTER YOU FILE THE FAFSA?

After you file your FAFSA, whether online or by mail, you should receive correspondence from several agencies and colleges.

Student Aid Report. The federal processor will send you a Student Aid Report, or SAR (Student Aid Report Information Acknowledgment, if you filed electronically). This report summarizes the information you provided on the FAFSA and lists your expected family contribution. It's your responsibility to review the report carefully to check for mistakes and make changes. Be sure to submit any corrections immediately and keep a copy of your corrected report.

Financial aid eligibility letters. The financial aid administrator at each college you listed on your FAFSA will send you an evaluation of your eligibility for scholarships, grants, work opportunities, loans, and other options once you've been accepted for admission. Be sure to respond if information is requested.

California Aid Report. The California Student Aid Commission will send you a letter by April 30 about your eligibility for a Cal Grant if you filed both the FAFSA and the Commission's GPA Verification Form by March 2.

If you don't receive a letter by April 30, call 888.CA.GRANT.

Students who will be attending a California community college in the fall and who applied by the September 2 deadline should receive a letter from the Commission by the end of September if they filed both forms by September 2. Cal Grant T applicants who filed on time should receive a letter from the Commission by July 1.

AVERAGE COLLEGE COSTS IN CALIFORNIA FOR ACADEMIC YEAR 2001-2002

	living at home and commuting	living off campus	living on campus
California Community Colleges*	\$6,114	\$11,424	\$9,454
California State University	\$7,695	\$13,005	\$11,748
University of California	\$9,701	\$15,011	\$14,980
Independent Colleges**	\$8,950 to \$33,481	\$14,260 to \$38,791	\$8,256 to \$36,810
Independent Occupational/Career Schools***	\$8,250 to \$38,314	\$13,560 to \$45,394	—

This chart shows average annual costs for single students during the 2001-2002 school year, including tuition, fees, room, board, books, supplies, transportation, and personal expenses such as clothing, laundry and entertainment. Contact each college for specific costs.

**Listed costs include estimated fees. CCC fees are now \$11/unit; fee amount used is \$264 per academic year (\$11 x 12 units x 2 terms).*

***Low and high figures are based on nine-month programs.*

****Low figure is 9-month course; high figure is 12-month course.*

BASIC CAL GRANT ELIGIBILITY

To be eligible for a Cal Grant, you must:

- be a U.S. citizen or eligible noncitizen
- be a California resident
- attend a qualifying California college
- not have already earned a bachelor's or professional degree (except for Cal Grant T)
- have financial need at your college
- have family income and assets below the ceilings
- maintain satisfactory academic progress
- be in a program leading to an undergraduate degree or certificate
- be enrolled at least half time
- have registered with the U.S. Selective Service, if required to do so
- not owe a refund on any state or federal grant
- not be in default on any student loan

THE CAL GRANT GUARANTEE

Every high school senior who meets the academic, financial, and eligibility requirements, and applies on time, is guaranteed a Cal Grant award to attend college. The guarantee extends to high school seniors who go to a community college and then transfer to a four-year college within five years.

Other eligible students can apply for one of 22,500 additional Cal Grant A and B Competitive awards.

“Tip”

Remember, you need to file two forms to apply for a Cal Grant: the FAFSA and the GPA Verification Form. Don't lose out because one of them isn't filed on time.

What Programs Does California Offer?

The state of California offers a number of financial aid programs through the California Student Aid Commission:

- Cal Grant Entitlement and Competitive programs
- Assumption Program of Loans for Education
- Graduate Assumption Program of Loans for Education
- Child Development Teacher Grant
- Law Enforcement Dependents Scholarship
- Robert C. Byrd Honors Scholarship
- State Work-Study

In addition, there are the Governor's scholarships for public high school students who attain high scores on the statewide achievement test and advanced placement exams. These awards are administered by the state Treasurer's office in conjunction with local school districts.

Cal Grants

There are seven Cal Grant awards:

Cal Grant A Entitlement and Competitive awards;
Cal Grant B Entitlement and Competitive awards;
California Community College Transfer Entitlement awards; Cal Grant C; and Cal Grant T.

Except for Cal Grant T, which has a teaching service requirement, Cal Grants don't need to be paid back.

Cal Grants A, B, and C are for students who are pursuing an undergraduate degree, or occupational or career training. Cal Grant T is only for students who plan to attend a teaching credential program. Funding for Cal Grant A and B awards is available for up to four years for students pursuing a bachelor's degree, and may be extended an additional year for teaching credential or other mandatory five-year programs.

Cal Grant awards may be used only at qualifying colleges in California. You may accept only one Cal Grant at a time.

If you accelerate your college course work by attending summer sessions, your Cal Grant award may be increased proportionally for the year. However, the total amount you may receive in a four-year period will remain the same.

You may apply your Cal Grant A or B award to an international program if the program is officially registered at a California campus.

If you're eligible for both a Cal Grant A and B, weigh the advantages of each and talk to your college's financial aid administrator about which one to choose.

To receive your Cal Grant benefits, you must be enrolled at least half time—at least six semester units or the equivalent.

Cal Grant A

Cal Grant A assists with tuition and fees for students at public and independent colleges, and some occupational and career colleges. Your course work must be for at least two academic years.

At the University of California and the California State University, the award covers up to full systemwide fees (\$3,429 at UC campuses and \$1,428 at CSU campuses) and up to \$9,708 for tuition and fees at independent colleges.

There are two Cal Grant A awards: Entitlement and Competitive.

Cal Grant A Entitlement Award

Every graduating high school senior who has at least a 3.0 grade point average, meets the Cal Grant financial and academic requirements, and applies on time will receive a Cal Grant A Entitlement award. The entitlement award covers full system-wide fees at UC and CSU campuses, and tuition and fee support at independent colleges.

Cal Grant A Competitive Award

Other eligible students who have at least a 3.0 grade point average may apply for a Cal Grant A Competitive award. Selection is based on a composite score that takes into consideration your family's income, parents' educational level, grade point average, time out of high school, and whether or not you come from a single-parent household. The performance standards and resources available to your high school also may be taken into account.

Community College Reserve Grant

If you receive a Cal Grant A but choose to attend a California community college first, you can reserve your award for up to three years until you transfer to a four-year college, if you continue to qualify. If your Cal Grant A is held in reserve, you can activate it any time. If you list a California community college before a four-year California college on your FAFSA, it will be assumed the community college is your first choice. If you receive a Cal Grant A, the award will be placed in reserve for your first year unless you transfer to a tuition- or fee-charging college and request to activate your award. When you do transfer, be sure to let your school know you have a CC Reserve grant.

Cal Grant B

Cal Grant B provides a living allowance and tuition and fee assistance for very low-income students. Awards for first-year students provide up to \$1,551 for books and living expenses. When renewed, or applied for beyond the fresh-

man year, the award also helps pay for tuition and fees. The top awards for tuition and fees are the same as those for Cal Grant A. For the Cal Grant B, your course work must be for at least one academic year.

There are two Cal Grant B awards: Entitlement and Competitive.

Cal Grant B Entitlement Award

Every graduating high school senior who has at least a 2.0 grade point average, meets the Cal Grant financial and eligibility requirements, and applies on time will receive a Cal Grant B Entitlement award.

Cal Grant B Competitive Award

Other eligible students who have at least a 2.0 grade point average may apply for a Cal Grant B Competitive award. Selection is based on a composite score that takes into consideration your family's income, parents' educational level, grade point average, time out of high school, whether or not you come from a single-parent household, and your high school's performance standards and resources.

APPLYING FOR A CAL GRANT

You apply for Cal Grants A, B, and C in your senior year of high school by filing the FAFSA and the California Student Aid Commission's GPA Verification Form no later than the March 2, 2002, postmark deadline. Your school must certify the GPA Verification Form, but once certified, you or your high school may mail it.

High school seniors must apply for a Cal Grant A or B Entitlement award by March 2, within one year of graduation. Students eligible for the Cal Grant A and B Competitive awards may apply during their senior year in high school through their senior year in college.

If you attend or are planning to attend a California community college in fall 2002, you should also apply by March 2, although a limited number of competitive grants are available if you apply by the second deadline of September 2, 2002. This second deadline is only for students who will enroll in a community college in fall 2002.

Award notification letters for Cal Grants A, B, and C are sent in the spring.

CAL GRANT INCOME AND ASSET CEILINGS 2001-2002

The California Student Aid Commission uses absolute family income and asset ceilings in the selection of Cal Grant awards. Even if your family income and assets are above the ceilings, you should still apply for a Cal Grant. Many things can change between the time you complete your FAFSA and the start of school. What's more, the Commission periodically raises the ceilings.

	Cal Grants A, C, T	Cal Grant B
Income		
Dependent students*		
Family size		
Six or more	\$78,842	\$43,305
Five	\$73,097	\$40,113
Four	\$68,202	\$35,857
Three	\$62,776	\$32,239
Two	\$61,286	\$28,622
Independent students		
Single, no dependents	\$25,004	\$25,004
Married, no other dependents	\$28,622	\$28,622
Assets		
Dependent students*	\$52,774	\$52,774
Independent students	\$25,110	\$25,110

* These ceilings also apply to independent students with dependents other than a spouse.

“Tip”

Don't miss out! If you're a graduating high school senior, you have three chances to apply for a Cal Grant Entitlement award:

1. When you're still a high school senior
2. Within one year after you graduate
3. As a community college transfer student, as long as you're under 24

In all cases, you must apply by March 2 before your fall start.

Grade point average

GPAs FOR CAL GRANTS

How they're calculated

Grade point averages used to determine Cal Grant eligibility are calculated on a 4.00 scale (to two decimal places) and include failing grades for courses that have not been repeated at the time grades are submitted. Schools must calculate GPAs for Cal Grants using the same method for all their students. (GPAs for admission to the University of California, the California State University, and independent colleges are calculated differently.)

For Cal Grants, the following grades are included in the GPA calculation:

- **High school GPA for 2001-2002 high school seniors:** All grades from your sophomore and junior years, except those for physical education and Reserve Officers' Training Corps. Sophomore grades for accelerated juniors graduating in spring 2002 are included, as are summer school grades received after completing the junior year. Grades earned in the 2001-2002 school year are not included, and extra weight is not added for honors or advanced placement classes.
- **High school GPA for high school graduates and first-year college students who graduated from high school before 2001-2002:** All grades from your sophomore, junior, and senior years of high school, except PE and ROTC. If you completed 24 college semester units before your school submits your GPA, your GPA will consist only of college grades. If you graduated from a foreign high school, you must provide your SAT or ACT score, unless you have a college GPA that includes at least 24 semester units or the equivalent.
- **Other Cal Grant undergraduates:** All college grades received before the GPA is reported, including at least 24 semester units or the equivalent.

Test scores in lieu of a GPA

A test score may be required instead of a high school grade point average if you:

- have a General Education Development test score. If so, you must send a copy of your GED score directly to the California Student Aid Commission.
- graduated from a school that doesn't provide grades, a school that is not accredited by the Western Association of Schools and Colleges, or a school without a course list approved by the University of California. In these cases, you must provide your SAT, ACT, or GED score.
- were home-schooled or attended a charter school. If so, you must submit your ACT, SAT, or GED score.
- graduated from high school more than five years ago. If so, you may provide your SAT or ACT score, or use a re-established GPA.

RE-ESTABLISHED GPA

Students who don't wish to use their high school GPA or a test score, and who don't have a college GPA, may submit a re-established GPA from a California community college of 16 or more academic semester units, or the equivalent.

California Community College Transfer Entitlement Awards

High school students who graduate after June 30, 2000, and go to a California community college may receive a Cal Grant A or B award to attend a four-year college. You're guaranteed an award if you have at least a 2.4 grade point average at the community college; meet the admissions requirements for the qualifying four-year college; meet the Cal Grant eligibility and financial requirements; apply by March 2 of the award year; and are under 24 years old as of December 31 of the award year. These awards are offered to California community college students who weren't awarded a Cal Grant within a year of graduating from high school, but who meet certain requirements at the time they transfer to a four-year college. Be sure to talk to your school's transfer center staff or financial aid office if you have questions.

Cal Grant C

Cal Grant C awards assist students in occupational or vocational programs with tuition and training costs. The \$576 award is for books, tools, and equipment. If you're planning to attend a school other than a California community college, you also may receive up to \$2,592 in tuition assistance. Funding is available for up to two years, depending on the length of the program.

To qualify, you must enroll in a vocational program at a community or independent college, or vocational school, that is at least four months long.

If eligible for the award, you'll receive a Cal Grant C Supplement application in mid-May, which must be completed and returned by June 15. Supplements are scored based on your work experience, educational history, and vocational aptitude.

“Tip”

If you'll be going to a community college first and then transferring to a four-year college, apply for a Cal Grant now. You can reserve your Cal Grant award for up to three years until you transfer. Also, you can use your Pell Grant award to attend community college.

Cal Grant T

Cal Grant T awards cover one year of tuition and fees at a program of professional teaching preparation approved by the California Commission on Teacher Credentialing. In return, you must teach at a low-performing elementary or secondary school for one year, for each \$2,000 in grant money received, for up to four years. If you don't complete the teaching service requirement, you must repay the portion of the award for which you did not complete your service.

At the University of California and the California State University, the award covers full systemwide fees (\$3,609 at UC and \$1,506 at CSU), and up to \$9,708 for tuition and fees at independent colleges.

Assumption Program of Loans for Education

Through the Assumption Program of Loans for Education, or APLE, elementary and secondary teacher candidates may receive up to \$11,000 in loan assumption benefits in return for teaching service at an elementary or secondary school. Up to 6,500 awards are made each year to students who have outstanding loans that are mostly need-based.

To qualify, you must have completed at least 60 semester units of undergraduate study at an eligible U.S. college and continue to be enrolled at least half time through the end of each term. You must be a U.S. citizen or eligible noncitizen,

have a valid Social Security number, and be in good academic standing. Unless you're an out-of-state teacher, you also must be a California resident. In addition, you must not owe a refund on a state or federal education grant or have a delinquent or defaulted student loan.

To receive up to \$11,000 in benefits, you must provide four consecutive years of teaching service at a designated California school or in a designated-subject (math, science, bilingual education, reading, or special education) at a California school. You choose which one when you apply.

In addition, certain participants who teach math, science, and special education at the lowest performing schools may receive an additional \$8,000 in loan assumption benefits.

After graduating, you continue making your monthly loan payments. Once a year, the Commission will make a lump sum payment directly to your lender after verifying that your teaching service was completed.

Applications are available starting March 1 at colleges with approved teaching credential programs. Your school must nominate you for the program. All nominations are due to the Commission by July 15, 2002.

TIPS FOR COMPLETING THE FAFSA FOR A CAL GRANT

Q22-23 Parents' education. The highest grade level completed by your father and mother. Both questions should be completed for maximum consideration for the Cal Grant A and B Competitive awards.

Q24 Your state of legal residence. California residents should write in CA. If left blank, you could be eliminated from the competition for all Cal Grants and other state aid.

Q25-26 Date you became a legal resident. Be sure to indicate the month and year (see page 17 for the definition of a legal California resident). This information is critical for consideration for Cal Grant Entitlement awards.

Q36-49 Your income and assets. All students must complete this section. If you (or your spouse) don't have an income or benefit for any line, enter a zero. Write only within the defined fields.

Q59-83 Your parents. You must provide parental income information if you answered no to all questions in step three. Failing to provide required parental information may disqualify you for a Cal Grant.

Q86-97 Colleges you're considering. Enter the complete name, city, and state of the colleges you may attend. If you're considering a California four-year college, put that school first, with any California community colleges listed further down.

If you know the college's federal Title IV code, use it in place of the address. Your high school counselor or financial aid administrator should have a listing of the six-digit codes, or go to www.ed.gov. Do not use any other type of school code or abbreviate the names of colleges. If the college name or address is incomplete, your FAFSA information won't be forwarded.

You must list at least one eligible California college to be considered for a Cal Grant.

Q98-99 Signatures and dates. Be sure you, and at least one parent if you're a dependent student, sign the FAFSA. (Independent students don't need a parent signature.) Unsigned or undated forms will be returned unprocessed.

USE YOUR CAL GRANT WISELY

Here are some options to help you make the best use of your Cal Grant award:

Community College Reserve Grant. If you receive a Cal Grant A award but plan to attend a California community college, your award cannot be used to pay community college fees. Instead, you can hold your award in reserve for up to three years until you transfer to a fee- or tuition-charging college.

Leave of payment. If you're enrolled in a California community college, you, or your college, may request a leave of payment from the Cal Grant program for up to one academic year. This option allows you to save your Cal Grant B eligibility to use later when you transfer to a fee- or tuition-charging college.

Automatic leave. To accommodate year-round enrollment, you have the option of choosing an automatic leave for the summer session and one academic term per year. Check with your college.

“Tip”

With college enrollments up and rising, you may want to attend summer school.

You can use your Cal Grant, but you should talk to your financial aid administrator to make sure it's the best use of your award.

Graduate Assumption Program of Loans for Education

Loan assumption benefits for students who are pursuing a recognized graduate degree and intend to become college-level faculty are provided through the Graduate Assumption Program of Loans for Education. Up to \$6,000 of outstanding loans will be assumed for 500 students in return for three full-time years serving as a faculty member at one or more California colleges.

To qualify, you must have an outstanding education loan, demonstrate financial need, be a U.S. citizen or eligible noncitizen, and be a California resident attending an eligible U.S. college. You must be in good academic standing, have a valid Social Security number, and have registered with the U.S.

Selective Service, if required to do so.

You also may not owe a refund on a state or federal education grant or have defaulted on a student loan.

Applications are available from your college's financial aid office or the Commission. A section of the application must be completed by a faculty member, who then must send the application to the Commission for consideration by the June 30, 2002, postmark deadline. Any awards that remain after the deadline will be made on a first-come, first-served basis.

Child Development Teacher Grants

Child Development Teacher Grants are for students attending a California public or private two- or four-year college who plan to teach or supervise at a licensed children's center. Up to 100 new grants, renewable for an additional year, are awarded each year. Participants enrolled at a two-year college may receive an annual \$1,000 grant; those enrolled at a four-year college may receive an annual \$2,000 grant. The maximum you may receive in benefits is \$6,000.

To be eligible, you must demonstrate financial need and be pursuing a child development permit at the teacher, site supervisor, or program director level. You must have a valid Social Security number and maintain academic progress, with at least a 2.0 grade point average. You also must not owe a refund on a state or federal education grant or have a delinquent or defaulted student loan. In return, you must teach full time in a licensed California children's center for one year for each year of grant assistance.

These grants are federally funded and subject to annual funding review by Congress.

For a brochure on the program or application materials, contact your college's financial aid or early childhood education office, or the Commission. You also must file the FAFSA. The application deadline is June 1, 2002.

\$\$\$ FOR FUTURE TEACHERS

With its efforts to reduce class size, a near-record number of children at school age, and thousands of older teachers close to retirement, California has a shortage of K-12 teachers. There are a number of special financial aid programs available to encourage you to go into teaching:

- The **Cal Grant T** assists with tuition and fees for one year at an approved teaching credential program in return for one year of teaching service at a designated school for each \$2,000 in benefits you receive. The award must be repaid if you don't complete the teaching service.
- **Fifth-year Cal Grant A and B awards** provide an additional year of grant assistance if you enroll in a teaching credential program.
- The state **Assumption Program of Loans for Education** assumes up to \$11,000 in student loan debt for four years of teaching service either in a designated subject area or at a designated school; and up to \$8,000 more if you teach math, science, or special education in the lowest performing schools.
- The **Governor's Teacher Fellowship Program** provides \$20,000 for college costs while you're enrolled full time in a teaching credential program in return for four years of teaching service at a low-performing school. To learn more, go to www.teacher-fellowship.calstate.edu.
- The federal **Teacher Loan Forgiveness** program forgives \$5,000 of your federal Stafford student loan debt in return for five consecutive years of teaching service at a designated school. See page 26 for more information.
- The state **Work-Study Teaching Intern Program** is for students interested in teaching but not ready for a teaching credential program.

You may also receive a federal **Pell Grant** to attend a teaching credential program if it isn't part of a master's degree. Check with your financial aid office to see if you're eligible.

To learn more about a teaching career, teaching credential programs, and financial incentives for teachers, or to locate the nearest California Teacher Recruitment Center, visit www.calteach.com.

Law Enforcement Personnel Dependents Grants

Law Enforcement Personnel Dependents grants are need-based grants for dependents and spouses of California peace officers (highway patrol, marshals, sheriffs, police officers), certain California Department of Corrections and California Youth Authority employees, and firefighters with public entities who were killed or totally disabled in the line of duty.

Grants range from \$100 to \$9,708 a year, for up to four years. If you receive an LEPD grant, you may also receive a Cal Grant or any other grant, or college fee waiver if you're eligible. If you receive a Cal Grant, your LEPD grant will match your Cal Grant award.

To apply, you must file the FAFSA and contact the Commission for an LEPD grant application.

Robert C. Byrd Honors Scholarships

Graduating high school seniors who have demonstrated outstanding academic achievement and show promise of continued achievement in college may be eligible for a Robert C. Byrd Honors Scholarship. For the 2001-2002 school year, the scholarship award was \$1,500. The scholarships are renewable for up to four years of accredited postsecondary study in the United States. Selection is based on grades and SAT or ACT score. These scholarships are federally funded and subject to annual funding review by Congress.

Applications are available at high schools beginning February 1. Each high school can nominate two students for the award. While school deadlines may vary, all nominations must be submitted to the Commission by May 4, 2002.

State Work-Study

The State Work-Study program funds jobs both on and off campus for students at selected California colleges and universities. If you're offered State Work-Study, your college's financial aid office will help place you in a job related to your studies or career interests.

Governor's Scholarships

Public high school students who demonstrate high academic achievement on the statewide Standardized Testing and Reporting (STAR) test can earn a \$1,000 Governor's Scholars Award. The scholarships are for students who attain a combined reading and math score that places them in the top 5 percent of test takers at their grade level statewide or in the top 10 percent at their grade level at their school. Students who score in both the top 5 percent and the top 10 percent may receive only one scholarship award that year.

You can earn one \$1,000 award each year in 9th, 10th, and 11th grades, up to \$3,000. To be eligible, you must have attended a California public high school for at least 12 consecutive months before taking the exam. In addition, you must take both the California Standards test (English language arts and math) and the SAT 9 (reading, language arts, and math) portions of the STAR test.

The Governor's Math and Science Award provides an additional \$2,500 college scholarship if you receive high scores on the statewide achievement test and Advanced Placement or International Baccalaureate math and science exams. If your school doesn't offer these exams, you may take authorized Golden State exams. You can receive only one Governor's Math and Science Award.

Your school district will notify you by letter in late April if you received a qualifying score, with instructions for claiming your award. All awards will be deposited into a Golden State ScholarShare Trust account and may be used only for college-related costs. Currently, the awards are tax-free.

To learn more, see your high school counselor, go to www.scholarshare.com, or call toll free 877.728.4338 (for information on claiming your award) or 916.323.9740 (for program information).

CALIFORNIA RESIDENCY

Cal Grants and other state financial aid programs are for California residents only.

If you're an unmarried student who will not be 18 by September 20, 2002, your residency status is based on the residency of a parent or non-parent adult responsible for your direct care and control. To qualify, a non-parent adult must have had continuous direct care and control of you for at least two years prior to September 20, 2002.

If you're an unmarried student under age 18, you're a legal California resident if:

- a parent has been a legal California resident for one year immediately prior to September 20, 2002; or
- you have lived for two years with a responsible non-parent adult and that adult has been a legal California resident for at least one year immediately prior to September 20, 2002; or
- a parent is in the U.S. armed forces, stationed in California, and on active duty as of the first day of class.

If your parents are living overseas, you're considered a California resident if you're a minor and have been living under the direct care and control of a California resident for at least two years as of September 20, 2002, or if your parents have maintained their California residency during their absence from the state.

All married students, regardless of their age, and all unmarried students 18 or older, must establish their own residency. If you'll be 18 on or before September 20, 2002, you must have lived in California for at least one year immediately before this date to be considered a California resident. You also must be in the United States legally and be able to establish U.S. residency based on your status with the U.S. Immigration and Naturalization Service.

THE MAJOR FEDERAL STUDENT AID PROGRAMS

- Pell Grants
- Stafford loans
- Perkins loans
- PLUS loans for parents
- Federal Supplemental Educational Opportunity Grants
- Federal Work-Study

“Tip”

Not all colleges participate in all the federal student aid programs, so be sure to check with your college's financial aid office first.

What About Federal Financial Aid?

Nearly 70 percent of all student aid comes from the federal government. There are Pell Grants, Stafford student loans, PLUS loans for parents, other grants and loans, and work-study. However, not all colleges participate in all programs.

The U.S. Department of Education provides most federal student aid. Student aid is also available from the U.S. Public Health Service and the U.S. Department of Veterans Affairs.

Federal Pell Grants

Pell Grants are awarded solely on demonstrated financial need to every eligible undergraduate student who hasn't already earned a bachelor's or professional degree. Pell Grants don't need to be repaid. They can be used for tuition, fees, and living expenses, even at community colleges. You can even receive a Pell Grant if you're attending college less than half time.

In some cases, you may receive a Pell Grant to attend a teaching credential program, if the program isn't part of a master's degree. Check with your college's financial aid office to see if you qualify.

When you file the FAFSA, you're automatically considered for a Pell Grant. For the 2001-2002 award year, Pell Grants for full-time students ranged from \$400 to \$3,750. The amount of your Pell Grant will depend on your financial need, your college costs, and whether you're attending college full time or part time. You can receive only one Pell Grant a year, and you may not receive Pell Grant funds to attend more than one college at a time.

Federal Stafford Loans

Stafford loans are the most common form of self-help aid for undergraduate, graduate, vocational, and professional students.

There are two types of Stafford loans: *subsidized*, for which the government pays the interest while you're in college; and *unsubsidized*, for which you're responsible for paying all the interest on the loan, during college and after. You can receive both types of loans at the same time.

STUDENT ELIGIBILITY

For most federal aid, you must:

- demonstrate financial need (except for unsubsidized Stafford loans and PLUS loans for parents)
- have a high school diploma or GED certificate, pass a test approved by the U.S. Department of Education, or complete a high school education in a home-school setting approved by your state
- be a U.S. citizen or eligible noncitizen (see the glossary on page 39 or the FAFSA for a definition, or contact your financial aid office)
- be working toward a degree or certificate at an approved college or occupational or career school (correspondence or online courses must be part of a degree program)
- have a valid Social Security number
- register with the U.S. Selective Service, if required to do so
- maintain satisfactory academic progress once in school

If you have been convicted of possessing or selling illegal drugs, you may not be eligible for federal financial aid, depending on when the conviction occurred. You can regain your eligibility early by completing a drug rehabilitation program. To learn more, call 800.433.3243. Also see page 10.

THE LOAN PROGRAMS

The amount you can borrow largely depends on your college costs, your expected family contribution, your year in school, your enrollment status, how much other financial aid you receive, and whether you're a dependent or independent student. You may borrow up to \$2,625 for your freshman year, and up to an additional \$4,000 in unsubsidized loans, if you're independent of your parents. See the chart on page 20 for the loan limits during all your college years.

The interest rate is adjusted each year on July 1, but it can't go higher than 8.25 percent. (For July 1, 2001, to June 30, 2002, the in-school interest rate is 5.39 percent and the rate during repayment is 5.99 percent.) Origination and insurance fees of up to 4 percent may be deducted proportionally from each disbursement. Also, if you don't make your payments on time, you may be charged late fees or collection costs.

After graduating, leaving school, or enrolling less than half time, you'll have a six-month "grace period" before your first loan payment is due. All student loans must be paid back, with interest. Typically, you'll have up to 10 years to repay.

Your loan funds will be sent directly to your college. At some schools, first-year students who are also first-time borrowers may not receive their first loan disbursement until 30 days or more after classes begin, so you shouldn't plan on using your loan to pay expenses or fees due early in the academic year.

Your Stafford loan, plus any other financial aid you've received, cannot be more than your college costs. In addition, you must be enrolled for a minimum period of time, depending on the type of college, to receive funds.

To apply, you must file the FAFSA.

Subsidized Stafford Loans

Subsidized Stafford loans are awarded based on demonstrated financial need. The federal government pays the interest while you're in college and for the first six months after you graduate, leave school, or drop below half-time enrollment. If you receive a deferment on your loan, the government also pays your interest costs. To qualify, you must meet all the requirements for federal student financial aid. You must also have had your eligibility for a Pell Grant determined.

Unsubsidized Stafford Loans

Unsubsidized Stafford loans are for all eligible students, regardless of income or assets. You must meet the same requirements as those for a subsidized Stafford loan, except for demonstrating financial need. You're responsible for paying all the interest on the loan, but you can allow it to accumulate while you're in college and during the grace period. If you do, the interest will be capitalized immediately at repayment. When interest is capitalized, it's added to the amount you borrowed and any future interest will be based on the higher loan amount. It's to your advantage to pay the interest while you're in college. This way, you'll pay less in the long run. What's more, the interest you pay may be tax-deductible.

Additional Unsubsidized Stafford Loans

Additional unsubsidized Stafford loans may be awarded to help cover any remaining unmet need or to replace some of your expected family contribution if you're an independent student. Freshmen and sophomores may receive up to \$4,000 more in unsubsidized Stafford loans.

The federal government runs two major loan programs for education: the Federal Family Education Loan Program and the Direct Loan Program. Both offer subsidized and unsubsidized student loans and PLUS loans for parents. The main difference between the two programs is the source of loan funds. Both programs offer the same loan limits and deferment and cancellation benefits. Loan repayment options for the two programs differ slightly.

Some colleges offer both programs, but you may borrow under only one program at a time.

Federal Family Education Loans

Loans provided under the Federal Family Education Loan Program are made by banks, savings and loans, and credit unions, backed by the federal government, and guaranteed by guaranty agencies. For more information, see your financial aid administrator, call toll free 877.2EDFUND or go to www.edfund.org.

Federal Direct Loans

For Direct loans, the federal government is both the lender and guarantor. To learn more, contact your financial aid administrator, or visit www.dlservicer.ed.gov or www.ed.gov/offices/OSFAP/DirectLoan/index.html.

"Tip"

If you receive a subsidized student loan and pay off your loan in full before your grace period ends, you won't have to pay any interest since none would have accrued.

“Tip”

You must be enrolled in college to receive federal aid benefits. If you totally withdraw, you or your college may be required to repay your federal student aid, depending on how much of the aid you earned, based on a federal formula. For more information, contact your college's financial aid administrator and your academic counselor before withdrawing.

Federal PLUS Loans for Parents

With PLUS loans, your parents or stepparents may borrow up to the total cost of your education, minus any other aid you may receive. PLUS loans are not based on your family's income or assets and are only for undergraduate study. These loans are always unsubsidized.

The interest rate is variable, adjusted each July 1, with a cap of 9 percent. Interest is charged from the date loan funds are first disbursed until the loan is repaid in full. Origination and insurance fees of up to 4 percent may be deducted. Generally, repayment starts within 60 days of the loan's final disbursement for the school year, so your parents may be repaying both the loan and the interest while you're still in college. Your parents must repay the loan even if you don't complete your education, were unhappy with it, or couldn't find a job.

To qualify, you and your parents must meet the requirements for federal financial aid and you must be a dependent student. Your parents also must pass a credit check. Generally, they must not have any outstanding tax liens or judgments, delinquent or defaulted loans, or credit card debt, or any bankruptcy, foreclosure, or wage garnishment within the past five years.

If your parents don't pass the credit check, they may still be able to receive a PLUS loan if they know someone who is able to pass the credit

check and is willing to co-sign their loan. Or you may want to apply for an unsubsidized Stafford loan. You should also file the FAFSA. To learn more, contact your college's financial aid office.

Campus-Based Federal Aid

When you file your FAFSA, you'll be considered for three campus-based federal programs: Perkins loans, Federal Supplemental Educational Opportunity Grants, and Federal Work-Study. Each college decides how to award these funds and sets its own deadlines. Also, not all schools participate in all three programs. For more information, contact your college's financial aid office.

Perkins Loans

Perkins loans are very low-interest loans for undergraduate and graduate students with exceptional financial need. Depending on when you apply, your financial need, and funds available from your college, you can borrow up to \$4,000 for each year of undergraduate study and up to \$6,000 a year if you're a graduate or professional student. In all, you can borrow up to \$20,000 for undergraduate study and as much as \$40,000 for graduate or professional study, including any Perkins loans you borrowed for your undergraduate studies. Perkins loan funds are usually very limited, however, so few students receive the top award amounts.

Your college is the lender. The interest rate is fixed at 5 percent. You'll pay no interest on your Perkins loan while you're enrolled at least half

HOW MUCH CAN I BORROW? Federal Stafford Loan Limits

Academic Year	Dependent* Student Sub & Unsub	Independent Student		Maximum Subsidized & Unsubsidized
		Sub & Unsub	Additional Unsubsidized	
First Year	\$2,625	\$2,625	\$4,000	\$6,625
Second Year	\$3,500	\$3,500	\$4,000	\$7,500
Third And Remaining Years	\$5,500	\$5,500	\$5,000	\$10,500
Graduate/Professional	_____	\$8,500	\$10,000	\$18,500
Aggregate Limits				
Dependent Undergraduate	\$23,000	_____	_____	\$23,000
Independent Undergraduate	_____	\$23,000	\$23,000	\$46,000
Graduate/Professional	_____	\$65,500	\$73,000	\$138,500

*Dependent students whose parents are unable to obtain a PLUS loan may borrow the same amount in unsubsidized loans as independent students.

time, and you must begin repaying your loan nine months after you graduate, leave school, or enroll less than half time. Depending on how much you borrow, you may have up to 10 years to repay.

Federal Supplemental Educational Opportunity Grants

Colleges award these grants of between \$100 and \$4,000 per year to undergraduate students who have exceptional financial need, with priority given to Pell Grant recipients. Unlike Pell Grants, there's no guarantee every eligible student will receive one. In addition, funds are limited. These grants don't need to be paid back.

Federal Work-Study

If you're offered Federal Work-Study as part of your financial aid package, your college will help you find a part-time job on or off campus. If possible, you'll be placed in work related to your studies or career plans, or in community service. You'll earn at least federal minimum wage and be paid at least once a month.

EDUCATION PAYS

A college education can increase your earning power. Studies show that people who go to college earn more money in their lifetimes than those with only a high school diploma. Men can earn 63 percent more with a college degree than with only a high school diploma; women can earn 60 percent more.

U.S. Department of Education, 1998

0% GUARANTEE FEE LOANS

You'll pay no insurance fee on Stafford and PLUS loans guaranteed by the California Student Aid Commission and administered by EdFUND through at least September 30, 2002. You receive the 1 percent savings up front.

THE MASTER PROMISSORY NOTE

The Federal Stafford Loan Master Promissory Note, or MPN, is a written contract between you and your lender. It's a promise to repay the amount you borrow and an agreement to the terms and conditions of your loan. Before signing, carefully read the instructions along with your rights and responsibilities as a borrower.

If your college uses the MPN as a single-year loan note, you'll need to complete a new MPN for each new loan. If your college uses the MPN as a multi-year note, you'll only need to complete the MPN the first time you borrow. Any subsequent loans, for up to 10 years, will be disbursed through the original MPN. There are control points that allow you to accept or decline loan funds.

If you change lenders, you'll need to complete a new MPN. You may also need to complete a new MPN if you transfer to a different college.

You may now sign for your loan online using your unique personal identification number, if your lender and college offer this e-sign option.

Major Financial Aid Programs...at a glance

	program	who can apply	annual awards up to...	filing deadline	forms required
Grants <i>Need-based financial aid that does not have to be repaid</i>	Federal Pell Grant	undergraduates	\$3,750	contact your financial aid office	FAFSA
	Federal Supplemental Educational Opportunity Grant	undergraduates	\$4,000	contact your financial aid office	FAFSA
	Cal Grant A Entitlement and Competitive Awards	undergraduates	\$9,708	March 2, 2002•	FAFSA, GPA Verification Form
	Cal Grant B Entitlement and Competitive Awards	undergraduates	\$9,708	March 2, 2002•	FAFSA, GPA Verification Form
	California Community College Transfer Entitlement Awards	California community college students	\$9,708	March 2	FAFSA, GPA Verification Form
	Cal Grant C	occupational and career students	\$3,168	March 2, 2002	FAFSA, GPA Verification Form
	Cal Grant T (has a teaching service requirement)	students enrolled in teaching preparation programs	\$9,708	June 1, 2002	FAFSA, Cal Grant T GPA Verification Form
WORK-STUDY <i>College assists in locating a job related to your studies</i>	Federal Work-Study	undergraduates/graduate students	contact your financial aid office	contact your financial aid office	FAFSA
	State Work-Study	undergraduates/graduate students	contact your financial aid office	contact your financial aid office	FAFSA
LOANS <i>Borrowed money that must be repaid with interest</i>	Federal Stafford Loan (Subsidized and Unsubsidized)	undergraduates/graduate students	U - \$2,625-\$5,500 G - \$8,500	contact your financial aid office	FAFSA and Master Promissory Note
	Additional Unsubsidized Federal Stafford Loan	undergraduates/graduate students	U - \$5,000 G - \$10,000	contact your financial aid office	FAFSA and Master Promissory Note
	Federal PLUS Loan	parents of dependent students	†	contact your financial aid office	PLUS Loan Application and Promissory Note
	Federal Perkins Loan	undergraduates/graduate students	U - \$4,000 G - \$6,000	contact your financial aid office	FAFSA and Promissory Note
	Federal Consolidation Loan	undergraduates/graduate students	††	contact your lender	Loan Application and Promissory Note

- Community college students have a second deadline of September 2 for Cal Grant A & B Competitive awards
- Contact your financial aid office or the California Student Aid Commission
- † Loan amount limited to college costs minus financial aid
- †† Combines outstanding federal student loans to make repayment more manageable
- * Applications available February 1 from high schools
- ** Applications available March 1 from schools with approved teaching credentialing programs

	program	who can apply	annual awards up to...	filing deadline	forms required
SPECIAL PROGRAMS	Robert C. Byrd Honors Scholarship	undergraduates	\$1,500	nominations by May 4, 2002*	Application Form••
	Assumption Program of Loans for Education	K-12 teacher candidates and out-of-state teachers	\$19,000 (for four years of service)	nominations by July 15, 2002**	Application Form••
	Graduate Assumption Program of Loans for Education	graduate students planning to teach at college level	\$6,000 (for three years of service)	nominations by June 30, 2002	Application Form••
	Child Development Teacher Grant	undergraduates	\$1,000-\$2,000	June 1, 2002	FAFSA and Application Form••
	Law Enforcement Personnel Dependents Grant	undergraduates	\$9,708	••	FAFSA and Application Form••
	Alan Patee Scholarship	surviving dependents of police or firefighters	waives registration fee	contact your bursar's and registrar's office	contact your bursar's and registrar's office
	Governor's Scholar Award	9, 10, 11 grade public high schoolers	\$1,000	—	must take the STAR test
	Governor's Math and Science Award	9, 10, 11 grade public high schoolers	\$2,500	—	must take the STAR test and advanced placement math and science exams
	Governor's Teacher Fellowship	students enrolled in teaching credential programs	\$20,000 in exchange for teaching service at a low-performing school	go to www.teacher-fellowship.calstate.edu	Application Form
INSTITUTION-BASED AID	University of California Student Aid	undergraduates/graduate students	average award of \$2,700	contact your financial aid office	FAFSA
	State University Grant	undergraduates/graduate students	U - \$1,428 G - \$1,508	contact your financial aid office	FAFSA
	Community College Board of Governors' Fee Waiver	California community college students	waives enrollment fees	contact your financial aid office	FAFSA
	Educational Opportunity Program	undergraduates at UCs and CSUs	\$1,000	contact your financial aid office	contact your financial aid office
	Extended Opportunity Programs and Services	California community college students	\$900	contact your financial aid office	contact your financial aid office
	Cooperative Agencies Resources for Education	California community college students	contact your financial aid office	contact your financial aid office	contact your financial aid office
	Unique scholarships, loans, grants	undergraduates/graduate students	contact your financial aid office	contact your financial aid office	contact your financial aid office

What Does It Mean To Accept A Student Loan?

A student loan is a serious commitment. Paying back your student loans on time is one of the first steps to meeting your financial goals. Your monthly loan payments could be \$50, or more than \$650, depending on how much you borrow. Come up with a payment plan early and stick to it.

If you allow your loans to go into default, you'll end up with bad credit—and worse. Your wages can be taken from you, your assets and tax refunds can be seized, and much more. You can prepay your loans at any time without paying penalties.

On the plus side, there are some state and federal loan forgiveness programs you may want to look into. Also, you may receive repayment assistance if you serve in the military.

Here are some important things to consider before you apply for a loan or accept loan funds:

- ☐ **Is the college or program a good investment?** You have the right to be fully informed about the college's tuition and refund policies, academic and training programs, financial aid programs, faculty and facilities, and graduates' success in finding a job. You also have the right to ask about the college's completion and transfer-out rates. Choose the college that's best for you. Even if you don't graduate, can't find a job, or aren't happy with the education, you still must repay your loan.
- ☐ **Are there job opportunities in your chosen field?** Some jobs and careers are more stable than others. You can learn more about 250 occupations, including the training needed, job outlook, and earnings, in the federal *Occupational Outlook Handbook*. If your school library doesn't have a copy, go to www.bls.gov/ocohome.htm. You'll also find links to jobs at www.edfund.org (Click on Students/Parents, then Managing Your Student Loan, and then Finding Work).
- ☐ **Are there other options?** Check out all scholarships, grants, and employment opportunities first. Can you borrow less? Borrow only what you need and can afford to pay back.
- ☐ **Can you repay the loan?** Before applying for a loan, determine how much you can afford to repay. Estimate how much you'll need, what your monthly payments and other expenses will be, and what you can expect to earn. Repayment problems can occur if too much of your take-home pay goes toward your loan payments and other expenses. For help, go to EdWISE, the financial planning guide at www.edwise.org.
- ☐ **Know all your responsibilities and rights.** The Master Promissory Note is a legal document you must sign before borrowing a federal loan. It's a promise to repay and an agreement to the terms and conditions of the loan. The promissory note also explains your rights and responsibilities as a borrower, which you're expected to know and understand.
- ☐ **Simplify loan repayment by staying with one lender.** Many lenders offer student loans, and their lending policies differ. Remaining with the same lender for any additional loans may keep your payments more manageable by minimizing the number of monthly payments you'll need to make and the lenders you'll need to contact for changes in name, address, or enrollment status.
- ☐ **Keep in touch with your lender and school.** If you change your name, move, leave school, or change your graduation date, you must inform your lender promptly.
- ☐ **Lenders have three options in servicing your loan.** After originating a loan, the lender can keep the loan until it is paid in full, sell it to a secondary market, or keep it and contract with a servicer to manage the day-to-day details of tracking and collecting loan payments. Always make sure your lender or servicer has your current address and phone number.
- ☐ **Automate your payments, if possible.** Many lenders allow you to set up an automatic payment from your bank account. This can help you build a good payment record and save you money in the long run. Check into this option with your lender, or servicer, and bank.
- ☐ **Repayment of federal Stafford loans begins six months after you graduate, enroll less than half time, or withdraw from school.** This six-month grace period gives you time to organize your finances, get a job, and prepare to begin paying off your loan.
- ☐ **Interest on unsubsidized federal Stafford loans starts to accrue immediately.** You're responsible for paying the interest, but you can allow it to accumulate while in school. If you do, the interest will be capitalized at repayment. Capitalizing the interest will increase the overall amount and cost of your loan. It's to your advantage to pay as you go.
- ☐ **Interest on Perkins loans is 0 percent while you're enrolled at least half time.** You must begin repaying your loan nine months after you graduate, leave school, or enroll less than half time.
- ☐ **Repayment of PLUS loans begins 60 days after the last disbursement of the school year.** There is no grace period. Your parents could be paying both principal and interest on their loan while you're still in college.

“Tip” Take advantage of repayment incentives offered by your lender. If you're meeting your payment obligations (for example, 48 monthly payments on time), find out if your lender offers reduced rates or a loan fee rebate. Your lender also may reduce your interest rate if you agree to direct pay and have your monthly payments deducted directly from your personal checking account.

- **Avoid delinquency and default by changing repayment plans or filing for a deferment or forbearance.** If you fall behind in your payments, your delinquency may be reported to a national credit agency, which could tarnish your credit rating and future ability to borrow. You also risk going into default and jeopardizing your loan—and worse.

If you're having problems repaying your loan, look into changing repayment plans. Or you may be eligible for a deferment, which allows you to temporarily postpone repayment. If you don't qualify for a deferment, ask your lender for a forbearance, which will temporarily postpone or reduce your payments. Call your lender or EDfUND to learn more.

- **A defaulted loan is serious.** When you're 270 days late making a payment (360 days if you're a Direct loan borrower), you're in default. Being in default means the lender has turned your loan over for collection and the entire amount is due and payable. There are also other consequences: Your wages and entire tax refunds may be garnished; your belongings may be taken to pay back the loans; collection charges and attorney's fees may be assessed, which will increase your loan payoff amount; you may not be eligible for certain state and federal jobs; you may lose your professional license; and more.
- **It can cost money to borrow money.** There may be origination fees of up to 3 percent, and a guarantee fee of up to 1 percent, in addition to interest costs. Any origination or guarantee fees will be deducted proportionally from each loan disbursement.
- **The longer you take to pay off your loan, the more interest you'll pay.** Stretching out your payments could mean paying hundreds or even thousands of dollars more over the life of your loan. By paying as little as \$20 a month on \$7,500 in loans while in school, you can save \$4,150 over the life of the loan. See page 33 to learn more.
- **Prompt and timely payments are critical.** Paying off your student loan is a great way to develop a good credit history, particularly if you're just starting a career. What's more, if you don't make your loan payments on time, you may be charged late fees and collection costs.

Repaying Your Loans

You may choose one of four ways to pay back your student loan. If you have a loan under the Federal Family Education Loan Program, you may change your plan once a year, or more often, by contacting your lender. Direct loan borrowers may change their plan as often as they want.

- **Standard plan** allows you to pay the same amount each month—at least \$50 or the interest that has accrued—with up to 10 years to repay.
- **Graduated plan** allows your payments to start out low and then gradually increase, with up to 10 years to repay.
- **Income-sensitive plan** bases your monthly payment on your take-home pay and the amount you borrowed, but the payment must cover at least the interest due. Generally, you'll have up to 10 years to repay.
- **Extended plan** is for new borrowers after October 7, 1998, who have more than \$30,000 in outstanding loans. Repayment can be up to 25 years.

Direct loan borrowers can choose from standard, graduated, extended, or income-contingent repayment plans. The standard and graduated plans are similar to the ones described above. The extended repayment plan for Direct loan borrowers allows you to repay your loan for up to 30 years, depending on the amount you borrowed. The income-contingent plan bases your monthly payment on your annual income, family size, and loan amount. As your income increases or decreases, so do your payments. After 25 years, any remaining balance on the loan will be forgiven, but you may have to pay taxes on the forgiven amount.

For help selecting a repayment plan, see your lender or go to www.edwise.org.

Deferment and Forbearance

If unemployment, temporary financial setbacks, or other problems make it difficult to repay your loan, you may be eligible for a deferment. Deferments allow you to temporarily postpone payments for up to three years, but they aren't available if your loan is in default. The most common reasons for deferment are returning to school half time or more, unemployment, or economic hardship. During deferments, the federal government pays the interest on subsidized loans and Perkins loans.

If you don't qualify for a deferment, ask your lender for a forbearance to postpone or reduce payments. A forbearance is a benefit given at your lender's discretion. With forbearances, interest accrues on both the principal and any capitalized interest of all loans. Some possible reasons for a forbearance are poor health, a rigorous residency, or a monthly loan payment that is more than 20 percent of your monthly take-home pay.

For more information, call your lender or EDfUND toll free at 877.2EDfUND. Don't wait until it's too late!

“Tip” Even if you don't graduate, can't find a job, or aren't happy with the education, you still must repay your loan.

Loan Consolidation

With loan consolidation, you can combine any or all of your outstanding federal student loans into a single new loan with one monthly payment. The new loan will have a fixed interest rate, new terms, and an extended repayment period of up to 30 years.

The new interest rate cannot be higher than 8.25 percent and is fixed for the life of a loan. It is the weighted average of the interest rates on the loans being consolidated, rounded up to the nearest eighth of a percentage point.

The benefits of loan consolidation differ for each borrower. Generally, your monthly payment will be less, but you may pay more interest over the longer life of the new loan. Also, you may be giving up your deferment or repayment options.

Before choosing loan consolidation, review all your options to be sure it's the right choice for you. Your signature on the consolidation application and promissory note obligates you to the terms of the new loan. You don't have to consolidate all your loans, but any you list on the application will be consolidated.

To learn more, check with your lender or college financial aid administrator.

Loan Combination

If your student loans are with the same lender, your monthly payments may be combined to simplify repayment. Not only will you receive a single statement, but combining your loans may also lower your monthly payment. However, if you pay only the minimum amount each month, you'll increase the total payback on your loan.

For example, the minimum payment on a federal Stafford loan is currently \$50. Therefore, if you have a loan for \$2,625, your monthly payment will be \$50, not \$32.30, as it would be under the standard 10-year repayment plan. With loan combination, the lender combines the principal of like Stafford loans. Therefore, if you combined two subsidized loans, each for \$2,625 (\$5,250 total), the minimum payment would be \$54.40, not \$100.

CAREFUL! THAT'S REAL MONEY!

If you think you'll need to borrow for college, first read EdFUND's *Entrance Guide to Your Student Loan*. This booklet will introduce you to the real-world issues of borrowing, including the types of educational loans, definitions of loan terms, loan repayment charts, tips on budgeting, and advice on managing your loans. Ask your financial aid administrator for a copy.

Loan Forgiveness or Cancellation

In special cases, your loan, or a portion of it, may be forgiven or canceled, releasing you from all your responsibilities to repay it. These special cases may apply if you die or become totally and permanently disabled, if your college closes or falsely certified you for a loan, or if your college failed to make a refund to the lender when one was due.

In addition, a portion of your loan may be forgiven if you take on certain jobs after graduating.

For more information, contact your lender.

Stafford Loan Forgiveness

Up to \$5,000 of your Stafford loan debt may be canceled if you teach for five consecutive years in a designated K-12 school. You must have received your loans on or after October 7, 1998, and have had no outstanding loan balance before then.

Stafford loan borrowers who claim bankruptcy may have their loans canceled only if the bankruptcy court rules that repayment would cause undue hardship.

Perkins Loan Forgiveness

If you have a Perkins loan, you may also have loan debt forgiven or qualify for a deferment if you:

- teach at a designated low-income public school, in a designated subject area, or to children with disabilities.
- work at a family service agency serving children from low-income families.
- work as a nurse, medical technician, law enforcement or corrections officer, or Head Start staff member.
- serve as a VISTA or Peace Corps volunteer (up to 70 percent of your loan debt may be forgiven).
- serve in the U.S. armed forces in areas of hostility or imminent danger (up to 50 percent of your loan debt may be forgiven).

Perkins loan borrowers who claim bankruptcy may have up to 100 percent of their loan forgiven if seven years have passed between the date the loan became due and the date the borrower filed for bankruptcy.

LOAN REPAYMENT CHART

Borrowers are better off when they borrow conservatively, budget wisely, and plan ahead. Knowing the monthly payments for the amount you borrow is a great start.

INTEREST RATE TOTAL AMOUNT BORROWED	NO. OF PAYMENTS	5.99%		8.25%		9.00%	
		PAYMENT	TOTAL INTEREST	PAYMENT	TOTAL INTEREST	PAYMENT	TOTAL INTEREST
\$3,000	71	\$50	\$553	\$54	\$801	\$55	\$880
\$5,000	120	\$55	\$1,658	\$61	\$2,359	\$63	\$2,601
\$8,000	120	\$89	\$2,653	\$98	\$3,774	\$101	\$4,161
\$10,000	120	\$111	\$3,316	\$123	\$4,718	\$127	\$5,201
\$16,000	120	\$178	\$6,306	\$196	\$7,549	\$207	\$8,322
\$20,000	120	\$222	\$6,633	\$245	\$9,437	\$253	\$10,402
\$25,000	120	\$277	\$8,291	\$307	\$11,796	\$317	\$13,003
\$35,000	120	\$388	\$11,608	\$429	\$16,514	\$443	\$18,204
\$50,000	120	\$555	\$16,582	\$613	\$23,591	\$633	\$26,005
\$100,000	120	\$1,110	\$33,164	\$1,227	\$47,184	\$1,267	\$52,011
\$138,500	120	\$1,537	\$45,933	\$1,699	\$65,349	\$1,754	\$72,035

What Financial Aid Does My College Offer?

Your college's financial aid office has information on the major state and federal financial aid programs, as well as on the programs only it offers. You also can ask the financial aid administrator for:

- help completing the FAFSA and any other applications the college may require.
- an explanation of how much aid you're eligible to receive.
- advice on financial planning and money management.
- reference books on public and private financial aid sources.
- information on applying for a federal student loan, interest rates, and repayment schedules.

In addition, most public and private colleges have their own grant, loan, and scholarship programs. Check with each college's financial aid office when applying for admission.

University of California Student Aid

More University of California students receive grant funding through the University Student Aid Program than through any other single program. Undergraduate awards are distributed to financially eligible students who are unable to fully cover the cost of attending a UC campus through a combination of a parent contribution (if applicable), grants from federal or state sources, and a reasonable level of student earnings and borrowing. In 1999-2000, UC provided grant support to more than 41,000 undergraduate students, with an average award of about \$2,700. In addition, nearly 14,000 undergraduate students received UC-funded fellowships or scholarships that year.

State University Grant

California State University campuses offer the State University Grant, which provides need-based grant assistance to California residents. The amount of this grant varies according to the awarding campus's priorities, but it generally covers at least a

portion of the California State University fees. (In 2001-2002, these fees were \$1,428 for undergraduates and \$1,508 for graduate students.) For the neediest students who are not receiving a Cal Grant, the State University Grant is awarded to cover at least the full amount of the assessed state university fee.

Community College Fee Waiver

The California Community College Board of Governors' Enrollment Fee Waiver will pay your enrollment fee if you're a California resident and meet one of the following criteria:

- You have already qualified for financial aid, such as a Pell Grant or Cal Grant; or
- You receive CalWORKs, SSI, or General Assistance/General Relief payments or your family receives this assistance; or
- You fall within the following income standards:

Number in household (including yourself)	Total family income 2000* (adjusted gross income and/or untaxed income)
1	\$12,525 or less
2	\$16,875 or less
3	\$21,225 or less
4	\$25,575 or less

*Add \$4,350 for each additional dependent.

Educational Opportunity Program

The Educational Opportunity Program at California State University and University of California campuses provide grants, counseling, and tutorial services to low-income and educationally disadvantaged undergraduate students. The campus EOP office offers counseling and tutorial services; grants are provided through the college's financial aid office.

To be eligible, you must be a California resident, demonstrate academic potential and motivation, and be enrolled full time at a California State University or University of California campus (if enrolled less than full time, approval of the EOP director is needed). To learn more, contact your college's EOP or financial aid office.

Extended Opportunity Programs and Services

The Extended Opportunity Programs and Services at California community colleges provide grants, counseling, and tutorial services to low-income disadvantaged students. To qualify, you must meet specific criteria and be enrolled full time at a community college (if enrolled less than full time, approval of the EOPS director is needed). Contact your college's EOPS office or financial aid office to learn more.

Cooperative Agencies Resources for Education

The Cooperative Agencies Resources for Education is a special educational support program at community colleges for students who participate in the Extended Opportunity Programs and Services and who are single parents with preschoolers and receiving welfare benefits. CARE offers counseling, transportation, grants and services for childcare, textbooks and educational supplies. The program operates on most California community college campuses. To find out more, contact your college's EOPS office.

CalWORKs

The CalWORKs program at each community college provides counseling, job placement, childcare and book grants, and other support services for students currently receiving Temporary Assistance for Needy Families (TANF) benefits and for certain past recipients. Contact your college's CalWORKs coordinator to learn more.

Tuition Payment Plans

Some colleges offer special installment plans with finance charges if you cannot afford lump-sum tuition payments. Other schools offer prepaid tuition plans that protect you from future tuition increases, or they may provide discounts for paying in advance or if more than one family member attends the same college. Be sure to check with each college when applying for admission.

Cal Loan and CalEdge Loan

The Cal Loan and the CalEdgeSM Loan are alternative loans for students offered by a number of California public and independent colleges in partnership with the California Educational Facilities Authority. The Cal Loan is administered by Callie Mae and the CalEdge Loan is serviced by Chela Financial USA. Both loans carry a fixed interest rate.

To find out if your college offers these loans, contact your financial aid office or visit www.treasurer.ca.gov/cefa/calloan.htm or www.treasurer.ca.gov/CEFA/CEFA.htm.

What Benefits Are There For Special Groups?

Veterans and their Dependents

Federal Benefits

The Montgomery G.I. Bill provides educational benefits for participating individuals who served on active duty or in the Selective Reserves. The maximum educational benefit available to veterans with three years of service will be increasing from \$650 a month in 2001, to \$1,100 a month in 2004. For veterans with two years of service, the maximum benefit will rise to \$894 a month.

Benefits are also available under the post-Vietnam era Veterans Educational Assistance Program for those who entered the service after December 31, 1976, and before July 1, 1985, and contributed to the VEAP fund while on active duty or had contributions made for them by the military.

Service-disabled veterans may be eligible for vocational rehabilitation benefits from the U.S. Department of Veterans Affairs. Educational benefits are also available to veterans' dependents if the veteran (spouse or parent) has died, or was totally and permanently disabled in service, or is listed as missing in action. There is also a Veterans Work-Study and Tutorial Assistance Program.

For more information, contact your college's veterans affairs office, the local office of the U.S. Department of Veterans Affairs (in the phone book under U.S. Government Offices), call toll free 888.442.4551, or go to www.gibill.va.gov.

State Benefits

The California Department of Veterans Affairs administers a fee waiver program for children and dependents of service-connected disabled veterans or service-related deceased veterans. Under the program, mandatory registration fees are waived at any University of California, California State University, or California community college. To learn more, contact your county's

veterans services office (in the phone book under County Government Offices), your college's veterans affairs office, or the California Department of Veterans Affairs at 800.952.5626.

Community College Fee Waiver

Dependents of deceased or disabled veterans who are eligible for benefits under the California Veterans Dependents Educational Assistance Program, and dependents of deceased or disabled California National Guard members who are certified by the Adjutant General's office, also qualify for the California Community College Board of Governor's Enrollment Fee Waiver. For more information, contact your community college's financial aid office.

Surviving Dependents of Law Enforcement or Fire Prevention Personnel

Children of California city, county, or state law enforcement or fire prevention personnel who were killed or died as a result of active duty are eligible for registration fee waivers (also known as Alan Patee Scholarships) at any California public institution of higher education. You need to provide documentation, such as a letter from the law enforcement or fire prevention retirement benefits administrator, a birth certificate, and a death certificate. Contact your college's bursar's or registrar's office for more information.

Students with Disabilities

Students with disabilities who meet the academic qualifications for college should apply for admission and, if needed, financial aid. By law, a qualified student cannot be excluded from college solely because of a disability. All public schools and colleges, and many independent schools, provide services to students with special needs. These services may include counseling, tutoring, readers, interpreters, note takers, special parking zones, or the loan of special equipment.

Your student budget, as calculated by the college, should include all expenses necessary to accommodate your disability. Be sure to work with your financial aid administrator when applying for admission so he or she understands your particular circumstances.

You may be eligible for vocational services from the California Department of Rehabilitation if your physical or mental impairment impedes your ability to obtain or retain employment; if you require vocational services to prepare for, secure, retain, or regain employment; and if you can obtain a job as a result of the services. You're presumed eligible if you receive Social Security Income (SSI) or Social Security Disability Insurance (SSDI). If eligible, the level of significance of your disability will be determined. Individuals with the most significant disability are served first, in order of the application date. You and your counselor will develop a plan to achieve an employment goal. Services supporting that goal may include assistance with tuition, fees, books, tools, assistive technology and transportation.

Before the Department of Rehabilitation can pay for your college costs, you must first apply for federal and state grant assistance.

For more information, contact your college's disabled students office, the national or local organizations serving your particular disability, or the local office of the California Department of Rehabilitation (in the phone book under State Government Offices).

If you're hearing-impaired, you may contact the Federal Student Aid Information Center toll free at TTY 800.730.8913. Also, the FAFSA and federal financial aid publications are available in braille.

Native Americans

Native American students who can prove membership in a federally recognized tribe or nation may receive education grants from the Federal Bureau of Indian Affairs. If you're a member of a tribe or nation, contact the Bureau's Office of Indian Education, 2800 Cottage Way, Sacramento, CA 95825, or call 916.978.6058 to learn more.

Families with Dependent Children

If you're both a student and a parent, you may be eligible for cash aid and help with childcare, transportation, and job or training expenses through the CalWORKs program. Contact your county social services or welfare office for more information if your child's other parent is deceased or absent from the home; if you or your spouse is physically or mentally disabled, or unemployed; or if you or your spouse is working less than 100 hours a month. To learn more, log on to www.dss.cahwnet.gov and click on Getting Services.

Athletes

Student athletes considering a National Collegiate Athletic Association college should contact the NCAA for information on college recruiting rules, grade point average, testing requirements, and registration requirements. Write to the NCAA, P.O. Box 6222, Indianapolis, IN 46206-6222, call 317.917.6222, or log on to www.ncaa.org. There's also a brochure, "The Guide for the College-Bound Student Athlete," available for free by calling 800.638.3731.

What About Other Options?

Private Scholarships

Many community service organizations, churches, and national foundations offer scholarships. Some are based on financial need, but many others are based on academic achievement, leadership ability, special talents, community service, or heritage. For example, the Hispanic Scholarship Fund awarded \$19.3 million in merit and need-based scholarships to Hispanic students in 2000-2001. There's also the new Gates Millennium Scholars program, created by the Bill and Melinda Gates Foundation and administered by the United Negro College Fund, which plans to award \$1 billion in grants to 20,000 students over the next 20 years. You may want to start your research using the directories listed on page 37, or visit the Web sites listed on page 38.

Many businesses and corporations also provide scholarships or loans to employees' children or students who live in the communities in which the company is located. Others offer aid to students majoring in fields related to the company's products or services. Company personnel offices have application information.

In addition, check out the directories in your library and on the Web for scholarships offered by professional, career, and trade associations in your future career or field of study. Ask your art or shop teacher, coach, or bandmaster about schools looking for students with your talents. Leads also may be listed in magazines related to your interests or skills.

National Merit Scholarships

The independent, nonprofit National Merit Scholarship Corporation awards about 5,000 scholarships each year. Students compete on the basis of test scores, academic and extracurricular achievements, and school recommendations. Taking the Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test (PSAT/NMSQT) in the fall of your junior year in high school will enter you in the competition. See your high school counselor to find out more.

The Armed Forces

The U.S. armed forces offer educational benefits. All branches provide tuition assistance for college courses taken while on active duty under the Montgomery GI bill.

In addition, the Army, Navy, and Marine Corps provide tuition assistance above what you may earn through the Montgomery GI bill. In some programs, you receive an education first in exchange for a service commitment. The Army and Navy also have programs that allow you to accumulate up to \$50,000 for an education while completing an initial enlistment period; the Marine Corps allows you up to \$30,000. The Army also offers loan repayment of up to \$65,000 for federal loans.

In the Army Reserve, you can earn up to \$29,000 for college, and up to \$20,000 in loan repayment assistance while you're going to college, in exchange for committing one weekend a month and two weeks a year to training.

For more information, contact your local recruiting office, or toll free 800.USA.NAVY, 800.USA.ARMY, 800.MARINES, and 800.522.0033, ex. 2091, for the Air Force.

Reserve officer training scholarships are available from the Army, Navy, and Air Force. These scholarships pay tuition, fees, books, and sometimes a living allowance, in exchange for a service commitment. To learn more, call 800.USA.ROTC or visit www.armyrotc.com.

Working Your Way Through College

It may not be possible to earn all your own college costs, but a part-time, summer, or holiday job can help. Check with your school's employment office as a start. On some campuses, work-study programs help students find jobs. You'll also find job links at www.edfund.org.

AmeriCorps

The AmeriCorps program provides educational awards of up to \$4,725 a year in return for work in community service. You can work before, during, or after college, and use your award for college costs or to repay federal student loans. For more information, visit www.goserv.ca.gov, www.americorps.org, or www.cns.gov. Or call the Governor's Office on Service and Volunteerism at 916.323.7646 or AmeriCorps at 800.942.2677.

Finishing College Sooner

High school students can take Advanced Placement exams and receive college credit for college-level courses, including languages, English, history, science, math, music, and art. Advanced college placement avoids repeating work and could save the cost of up to one year of college. A number of colleges also award college credit to high school students through the College-Level Examination Program, or CLEP®. See your high school counselor to learn more, or visit www.collegeboard.com.

Reentry Students

If you're a reentry student—you're returning to college after some time away—you may receive academic credit for your job, volunteer, or travel experiences through the College-Level Examination Program. The exams enable you to demonstrate knowledge gained outside formal educational settings and assist colleges in recognizing and rewarding that knowledge. For more information, call 609.771.7865, visit www.collegeboard.com, write to CLEP, P.O. Box 6600 Princeton, NJ 08541-6600, or e-mail clep@info.collegeboard.org.

Cooperative Education

Cooperative education is a work-learn program that incorporates paid work experience with classroom studies. Co-op placements can be arranged on an alternate plan, which allows you to alternate full-time work with full-time school, or a parallel plan, which allows you work part time while attending classes. In most cases, you receive academic credit. Cooperative education programs do not provide financial aid, but you can often earn enough to pay college expenses.

These programs are available at both public and independent colleges. For more information, see your financial aid administrator, visit www.ca-co-op.org, or contact the California Cooperative Education Association, Office of Cooperative Education, California State University, Sacramento, 6000 J Street, Public Services Building, Sacramento, CA 95819-6116, telephone 916.278.7234.

College Savings Plan

Families are encouraged to plan ahead and save whatever they can for their children's college education. With state-sponsored college savings plans, also known as 529 plans after the section of

KEEP A LOOKOUT FOR SCHOLARSHIP FRAUD

Scholarship scams bilk millions of dollars each year from unsuspecting students and parents. Most scholarship search companies are reputable, offering access to lists of scholarships in exchange for a fee. Others may charge to compare your profile with a database of scholarship opportunities and give you a list of those you may qualify for. There are also free search engines on the Internet and free Web sites that list scholarship opportunities and resources.

But fraudulent scholarship search companies do exist. The difference: Legitimate companies never guarantee or promise scholarships or give you a list of bogus scholarships.

Don't be fooled into sending money to companies that make generous promises, charge you money to receive aid, try to get you to send money by claiming you're a finalist in a scholarship contest, or request your credit card or bank account number to hold student aid for you. To learn more, visit www.ftc.gov/scholarshipscams.

"Tip"

To learn more about federal tax benefits for education, visit www.irs.ustreas.gov, call the IRS help line at 800.829.1040, or read IRS publication 970, "Tax Benefits for Higher Education," available free by calling 800.829.3676.

In addition, EdFUND publishes a booklet, "Tax Benefits for Higher Education." Ask your high school counselor or financial aid administrator for a copy.

the federal tax code that deals with them, earnings are free of federal income tax starting in 2002, if the money is later used to pay for qualified college expenses.

Under California's Golden State ScholarShare Trust, individuals can put money aside for the college education of their children, grandchildren, or other beneficiary. Contributions are pooled together and invested by TIAA-CREF. For more information, visit www.scholarshare.com or call toll free 877.SAV.4EDU.

Federal Tax Benefits

Hope and Lifetime

Learning Tax Credits

You or your parents may be eligible for a Hope or Lifetime Learning federal tax credit that lets taxpayers write off college costs dollar for dollar when they file their taxes. The Hope credit is worth up to \$1,500 for each student enrolled at least half time for the first and second years of college. Here's how it's calculated: 100 percent of the first \$1,000 in out-of-pocket costs for qualified tuition and related expenses, and 50 percent of the second \$1,000 for these college expenses.

The Lifetime Learning tax credit picks up where the Hope credit leaves off. It covers 20 percent of a family's tuition expenses, up to \$5,000, for any post-secondary education and training, including graduate and professional study, and half-time study. Both tax credits have income limitations. The credit will increase in 2003 to 20 percent of expenses, up to \$10,000. There is no limit on the number of years the Lifetime Learning credit can be claimed.

The Hope and Lifetime Learning credits cannot be taken at the same time, for the same student. The credits can be taken even if Education IRA funds are used for college costs, as long as the credits are for expenses not paid for out of the IRA. To take advantage of these credits, taxpayers must file Internal Revenue Service form 8863 with their federal tax return.

Deduction for Education Expenses

Starting in 2002, you can deduct qualified tuition and related expenses from your taxable income. This deduction follows the same guidelines as those for the Hope and Lifetime Learning credits, but you can't claim both the deduction and one of the tax

credits for the same expenses. In 2002 and 2003 taxpayers can deduct up to \$3,000 a year, and up to \$4,000 in 2004 and 2005. This deduction has higher income limitations than the Hope or Lifetime Learning credits.

Student Loan Interest Deduction

Taxpayers can deduct from their taxable income up to \$2,500 in interest paid on student loans each year for the life of the loans. Borrowers may deduct interest paid on student loans they received for their own education or for their spouse's or child's education. Through 2001, the deduction covers interest payments made during the first 60 months payments are required. Starting in 2002, the 60-month limit is eliminated. This deduction also has income limitations. Parents cannot deduct interest paid on a student loan taken out by their child, even if they're paying the interest costs.

Education IRAs

Investments of up to \$2,000 per year per student into an educational savings account grow tax-free, if the money is used later for qualified college or K-12 school expenses.

Education Costs Paid by Employers

Education costs paid by your employer are exempt from federal taxes.

Alternative Loans

Alternative loans, also known as private loans, can help you or your parents pay your college bills if you're still short after exhausting federal, state, college, and private student aid opportunities. Alternative loans usually carry higher interest rates and fees than federal loans. Also, your parents may want to consider a home equity loan or line of credit. Be sure you understand all the terms and conditions before applying for or accepting any loan.

Steps To Becoming Money-Wise

Learning to plan your monthly finances can save you both money and financial headaches. It's never too early to create a spending plan and stick to it. By doing so, you can set spending goals ahead of time to make the most of your resources.

If you manage your money carefully while you're in college, you'll also be better prepared for life's opportunities and challenges after you graduate. You can use the financial planning worksheet on page 35 to get a snapshot of your income and expenses.

It's also a good idea to learn ahead of time about careers and job outlooks. Start with the table of selected occupations and entry-level salaries on page 34. To learn more, flip through the federal *Occupational Outlook Handbook*, a directory of 250 occupations, with descriptions of the training needed, job outlooks, and earnings, at your school library or go to www.bls.gov/ocohome.htm

Here are some first steps to becoming money-wise.

- ☐ **Get organized.** Set up separate files for your bank statements, credit card bills, phone bills, gas and electric bills, insurance payments, financial aid papers, loan documents, and correspondence with your college's financial aid administrator. Keep all your financial records in a safe place.
- ☐ **Create a spending plan and stick to it.** Start with the financial planning worksheet on page 34, or go to EdWISE at www.edwise.org. Record all your income and expenses in a notebook for one month to help you understand your spending habits and know where your dollars are going. Is there anything you can do without—or can you earn more?

CALIFORNIA STUDENT AID COMMISSION NINE-MONTH STUDENT BUDGETS 2001-2002

Allowance		with parents	campus housing	off campus
Tuition and Fees ¹		Actual institutional charges		
Books and Supplies ²		\$846 per academic year		
Food ³	per month per year	\$ 288/month \$2,592/year	Actual institutional charges ⁴	\$ 270/month \$2,430/year
Housing ⁵	per month per year	Included in above		\$582/month \$5,238/year
Transportation ⁶	per month per year	\$ 84/month \$756/year	\$ 62/month \$558/year	\$ 94/month \$846/year
Child/Dependent Care		<i>Reasonable expenses with adequate documentation provided by the student, depending upon age and number of children.</i>		
Personal/Miscellaneous ⁷	per month per year	\$ 184/month \$1,656/year	\$ 164/month \$1,476/year	\$ 200/month \$1,800/year
Loan Fees		<i>For student loan borrowers, actual or average loan origination and insurance fees.</i>		
Total, excluding allowances based on actual institutional charges	per month per year	\$ 650/month \$5,850/year	\$ 320/month \$2,880/year	\$ 1,240/month \$11,160/year

¹ Includes all mandatory fees.

² Includes books and educational supplies. Doesn't include purchase or maintenance of a computer.

³ Includes food, snacks, meals on campus, and household supplies.

⁴ If contract is for less than nine months, adjustment may be made at the rate of \$276/month or fraction thereof.

⁵ Includes dorm charges, rent and utilities.

⁶ Includes travel to and from parent's residence and transportation costs to and from classes and work.

⁷ Includes clothing, laundry, dry cleaning, personal care, gifts, recreation, medical, etc.

HOW JUST \$20 A MONTH REALLY ADDS UP

No need to sharpen your No. 2 pencil. A look at the math shows how paying as little as \$20 a month while in school for four years on \$7,500 in student loans—a \$4,000 unsubsidized loan and a \$3,500 subsidized loan—adds up to \$4,150 in savings over the life of the loan. That's at 8.25 percent under a standard repayment plan for 10 years.

Loan Savings Snapshot

	Total principal	Total interest	Total payback
Original	\$9,158	\$5,605	\$14,763
New*	\$7,907	\$2,705	\$10,612
Savings	\$1,250	\$2,900	\$ 4,150

*If you paid \$20 a month while in college.
EDWISE rounds to the nearest dollar.

- ☐ **Borrow smart.** If you think you may need to borrow for college, calculate how much you can afford to repay by looking at what your monthly payments and other expenses will be and what you can expect to earn after graduating. Set borrowing limits.
- ☐ **Start saving.** No matter how little you have to save, you should set aside something every month. Even just \$20 a month will get you in the habit of saving and give you a cushion if unexpected bills arise.
- ☐ **Pay as you go.** Deferring your student loan interest payments may be attractive in the short run, but you'll pay a lot more in the long run. Paying as little as \$20 a month on \$7,500 in student loans while in college can save you \$4,150 over the life of the loan. Check out the math on the chart located on this page.
- ☐ **Don't graduate with sticker shock.** Keep track of how much you borrow and how much you owe, including interest costs and fees. Don't underestimate the total payback of your loans.
- ☐ **Take advantage of federal tax breaks.** You may be able to deduct up to \$2,500 in student loan interest paid each year on your federal tax return. Also, learn if you or your family qualify for a Hope or Lifetime Learning tax credit.
- ☐ **Be thrifty.** Eat at home, get a roommate, shop garage sales and thrift stores, buy used textbooks when you can, take public transportation, clip coupons, take advantage of weekly food specials, rent videos instead of going to the movies, and balance your checkbook.
- ☐ **Avoid using credit cards.** It's easier than you think to get a credit card and even easier to get in trouble. Be wary of low introductory rates that quickly jump into the high teens. If you like the convenience credit cards offer, consider a prepaid, "stored-value" card or a card with a low monthly limit. Also, pay your balance in full each month.

MANAGEABLE STUDENT LOAN PAYMENTS

Expected gross annual starting income after leaving school (in thousands)

Student loan debt (in thousands)

This graph can be used as a guide to determine if your loan payments will be manageable. Find the point where expected gross income lines up with anticipated total loan debt. In example A, a \$12,500 debt will be manageable if total annual income is at least \$25,000. However, example B shows that the same debt will be difficult to manage if annual income is \$10,000.



IT'S YOUR MONEY! BE SMART ABOUT HOW YOU MANAGE IT

EDWISE®, the financial planning guide at www.edwise.org, can help you take much of the guesswork out of managing your money. By plugging in projected loan amounts and estimated expenses and earnings for your future career, you can find out ahead of time how much you can afford to repay. You also get clear, concise planning information to help you figure the most efficient way to manage your finances, along with a printout of your financial plan.

ANNUAL SALARIES Estimated Entry Level

Before accepting a loan, consider your future income and ability to repay.

Accountant	Bachelor's	\$34,500
	Master's	\$36,800
Architect		\$35,200
Chemist	Bachelor's	\$29,500
	Master's	\$38,500
	Doctorate	\$59,300
Civil Engineer	Bachelor's	\$36,100
	Master's	\$42,300
	Doctorate	\$58,600
College/University Faculty	Instructor	\$33,400
	Asst. Professor	\$43,800
	Assoc. Professor	\$53,200
	Professor	\$72,700
Computer Programmer		\$40,800
Computer System Analyst		\$45,700
Cosmetologist and Barber		\$15,150
Dental Assistant		\$22,630
Emergency Medical Technician		\$20,290
Firefighter		\$26,900
Forester/Conservation Scientist		\$26,100
Graphic Designer		\$23,790
Lawyer		\$45,000
Librarian	Master's	\$38,470
Mathematician	Bachelor's	\$37,300
Medical Assistant		\$17,020
Nurse	RN	\$34,430
Occupational Therapist		\$39,140
Pharmacist		\$52,310
Physical Therapist		\$44,460
Physician	First Year (Resident) MD	\$34,100
		\$164,000
Police Officer		\$28,200
Psychologist	Bachelor's	\$20,600
	Master's	\$31,200
	Doctorate	\$37,800
School Counselor		\$28,400
Secretary		\$18,400
Social Worker	Bachelor's	\$24,160
Teacher		\$25,700
Veterinarian		\$35,900
Web Developer		\$47,000
Writer/Editor		\$27,030

Source: Occupational Outlook Handbook 2000-2001 (U.S. Department of Labor, Bureau of Labor Statistics)

Financial Planning Worksheet

Use this worksheet to calculate your income and expenses.

INCOME SOURCE		estimated yearly total	estimated monthly total
Money from parents			
Money from savings			
Salary			
Work-study			
Scholarships			
Grants			
Loans			
Spouse's wages			
Other			
TOTAL INCOME		\$	\$

EXPENSES		estimated yearly total	estimated monthly total
Tuition			
Fees			
Loan interest payments			
Books/supplies			
Rent/housing			
Gas/electricity			
Telephone			
Internet access/cable TV			
Other			
Child care			
Transportation	Auto gas/maintenance		
	Auto insurance/registration		
	Auto payment		
	Public transportation		
	Parking		
Food	Groceries		
	Restaurants		
	Snacks		
Clothing	Clothes		
	Laundry/dry cleaning		
Entertainment			
Credit card payments			
Medical/dental			
Miscellaneous			
TOTAL EXPENSES		\$	\$
TOTAL INCOME MINUS TOTAL EXPENSES		=\$	=\$
		(available funds)	(available funds)

If your expenses are greater than your income, you'll need to look at options for reducing your expenses and/or supplementing your income. A consumer credit counselor can help.

What Are My Rights And Responsibilities?

When you accept a loan, you accept all its legal and financial responsibilities until the loan is repaid. Here's a checklist of your responsibilities, as well as your rights, as a borrower.

Your Rights

You have the right to ask the college:

- ☐ What it costs to attend, and what its refund policies are if you drop out.
- ☐ How the college determines whether you're making satisfactory academic progress, and what happens if you're not.
- ☐ What financial help is available, including information on all federal, state, and college financial aid programs, not just loans.
- ☐ About the deadlines for submitting applications for each financial aid program and how recipients are selected.
- ☐ How your financial need is determined. This process includes how costs for tuition, fees, room, board, transportation, books, supplies, personal and miscellaneous expenses are considered in your student budget.
- ☐ What resources (such as parental contribution, other financial aid, personal assets) are considered in the financial need calculation, and how much of your financial need, as determined by the college, is met.
- ☐ To explain the various programs in your financial aid package, and how and when you'll receive your aid.
- ☐ To reconsider your financial aid application, if you believe you've been treated unfairly.
- ☐ How much of your financial aid must be paid back, and what portion is grant or gift aid. You have the right to know what the student loan interest rate is, the total amount that must be repaid, payback procedures, when repayment begins, and how long you have to repay.
- ☐ How to apply for additional aid, if your financial circumstances change.
- ☐ To disclose the percentage of its students who complete the college's programs, the percentage who transfer out, and job placement rates.

Your Responsibilities

You have a responsibility to:

- ☐ Review and consider all information about the college's program before enrolling.
- ☐ Compare your anticipated monthly student loan payments and other expenses to your expected take-home pay after college.
- ☐ Complete the financial aid application accurately and submit it on time to the right place. Intentional misrepresentation on an application for federal financial aid is a violation of law and a criminal offense subject to penalties.
- ☐ Talk to your high school counselor about the college you're considering. Ask current and former students and speak to local employers about the school.
- ☐ Read and keep copies of all forms and agreements you sign.
- ☐ Respond promptly and return all requested additional documentation, verification, corrections, or new information to the appropriate place.
- ☐ Notify the college and lender promptly of changes in your name, permanent mailing address, or enrollment status.
- ☐ Know and comply with the deadlines for applications or reapplications for aid, and understand the school's refund procedures.
- ☐ Repay your student loans, even if you don't complete your education, get a job, or are not happy with your education. Some lenders offer incentives for borrowers who repay their loans on time.
- ☐ File for a deferment or forbearance, or change repayment plans, if you are at risk of default.
- ☐ Attend entrance counseling before you receive your first loan disbursement—and exit counseling before you leave school.

Where Do I Go For More Information?

You can search for information on scholarships, grants, and loans in the directories at your public and school libraries, or on the Internet.

The following resources, compiled by librarians at California State University, Sacramento, provide helpful information about strategies for paying for college, along with lists of scholarships. A guide to Web resources follows.

Annual Register of Grant Support. *Chicago: Marquis, Annual.* Describes grant programs offered by a wide variety of organizations within broad subject categories.

A's and B's of Academic Scholarships. *Alexandria, VA: Octameron, Annual.* Offers good general information on financial assistance prefacing the main body of major awards available at colleges nationwide.

Cash for College: The Ultimate Guide to College Scholarships. *NY: William Morrow, 1999.* Provides information on 6,000 scholarships, alphabetically arranged, with indexes by category. Includes chapters, with examples, on useful advice, the application process, query letters, and cover letters.

College Blue Book. Scholarships, Fellowships, Grants and Loans. *New York: MacMillan, Annual.* Contains four indexes that provide easy access to loans and scholarships by title, subject, level of education, and sponsoring organization.

The College Costs and Financial Aid Handbook 2000. *New York: The College Entrance Examination Board, 1999.* Guides prospective college students and their parents in assessing the true costs of college and planning to meet these costs. Topics include preparing a budget, evaluating family financial resources, and applying for financial aid.

The Complete Scholarship Book. *Naperville, IL: Sourcebooks, 2000.* Includes a directory of more than 3,000 awards indexed by major and other criteria. Also lists school-specific awards.

Directory of Financial Aids for Women.
Financial Aid for African Americans.
Financial Aid for Asian Americans.
Financial Aid for Hispanic Americans.
Financial Aid for Native Americans.
Financial Aid for the Disabled and their Families.
High School Senior's Guide to Merit and Other No-Need Funding. *El Dorado Hills, CA: Reference Service Press, Biennial.* Contain details of scholarships, grants, loans, awards, prices, and internships for the people mentioned in the title.

Don't Miss Out: The Ambitious Student's Guide to Financial Aid. *Alexandria: Octameron Press, Annual.* Provides a guide to traditional funding sources, as well as more creative financing possibilities. Comprehensive but concise, it dispels a few myths in the process.

Financial Aid Book. *Michigan: Perpetual Press, 1999.* Presents 3,000 scholarships, grants, loans, fellowships, internships, and competitions, and covers the application process, with examples of letters and essays. Easy to use with various indexes: field of study, state of residence, personal characteristics.

Financial Aid for College: Understand and Plan Your Funding Options. *New York: Dorling Kindersley, 2000.* Provides a concise overview of paying for college, with insights, tools, and tips for using the financial aid system to your advantage.

Free Money for College. *New York: Facts on File, Biennial.* Pulls together information from a variety of directories. More than 1,000 grants and scholarships for undergraduate studies are listed by state, field of study, and category of student. Focuses on private sources of aid, many of them quite specialized and specific. Other titles in this series: Free Money from Colleges and Universities and Free Money for College from the Government.

How to Win A Sports Scholarship. *Los Angeles: First Base Sports, Inc., 1999.* Encourages student-athletes, including those who are not stars, to take the initiative in the recruiting process. Includes chapters on assessing athletic and academic skills, building a sports résumé kit, and negotiating scholarship offers successfully, with examples of sports résumés, cover letters, and contact letters.

Peterson's College Money Handbook. *Princeton: Peterson's Guides, 1997.* Gives basic tuition and financial aid information through college profiles; includes student aid planning software.

Peterson's Scholarships, Grants & Prizes. *Princeton: Peterson's Guides, Annual.* Lists private sources of funding arranged by career goals and by nonacademic criteria (employment, military service, ethnic background). It comes with a CD version.

Scholarship Advisor. *NY: Random House, 2000.* Lists alphabetically thousands of scholarships with indexes by category, such as field of study. Contains chapters on how to compile an application, write an essay, and prepare for an interview.

Scholarship Almanac. *Princeton: Peterson's Guides, Annual.* After a brief discussion of general strategies for covering college costs, presents funding sources outside the colleges and college-channeled federal aid. Organized by academic major and by state.

The Scholarship Book. *NJ: Prentice-Hall, 2001.* Focuses on private-sector awards for undergraduate study only, with Web addresses for direct inquiries. The index is by grade point average.

Scholarships 2001. *NJ: Kaplan/Simon & Schuster, 2001.* Identifies sources of at least \$1,000 that don't need to be repaid for undergraduate study at colleges and universities, community colleges, technical institutes, and vocational schools. Organized by discipline, with helpful indexes, application advice, and sample letters.

WEB SITES THAT CLICK

Here's a roundup of Web sites that do a great job of covering the ABCs of financial aid, and much more. (This is just a listing and not an endorsement of the sites named.)

In addition, most colleges have their own Web sites, and many feature virtual tours of their campuses and the opportunity to chat with real students.

When using some of these free sites, you may be asked to give personal information, such as your name, year in school, and more. Before doing so, be sure you read and understand the privacy policy posted at each site.

ACT

www.act.org

Register to take the ACT exam or to have your ACT score sent to colleges.

Association of Independent California Colleges and Universities
www.aiccu.edu

California College Explorer
www.californiacolleges.edu

Find information for parents and students on planning and paying for college in California; for junior high students and up.

California Community Colleges
www.cccco.edu

California Postsecondary Education Commission
www.cpec.ca.gov

Check here for an overview of postsecondary education in California, along with links to the state's colleges.

California State University
www.calstate.edu

California Student Aid Commission
www.csac.ca.gov

Learn more about the Cal Grant Entitlement and Competitive programs, other state aid, and find outreach activities.

College Board Online Scholarship Search
<http://cbweb10p.collegeboard.org/fundfinder/html/fundfind01.html>

Search this free database of more than 2,000 non-college sources of funding for undergraduate study.

College Board and SAT
www.collegeboard.com

Sign up here for the SAT exam or to have your SAT scores sent to colleges. There's also good information on planning and paying for college.

College Opportunities Online
www.nces.ed.gov/ipeds/cool

Plug in your major, interests, and geographic area, and this U.S. Department of Education site will fetch likely matches from profiles of more than 9,000 colleges and career schools.

CollegeNet Mach 25 Scholarship Database
www.mach25.com

Search this CollegeNET site for information on more than 600,000 awards. You can search by college location and major, and find online college applications.

EDFUND
www.edfund.org

Click on Students/Parents to learn more about planning for college, applying for financial aid, and managing your student loan. You'll also find information on low-interest federal loans and sound advice on borrowing.

EDWISE
www.edwise.org

Calculate how much you can afford to borrow using EDWISE, a financial planning tool developed by EDFUND and UCLA. It's easy to use, and it provides a printed financial planning report.

Employment Trends
www.edd.cahwnet.gov

Find out where the jobs are now and where they'll be tomorrow.

FAFSA on the Web
www.fafsa.ed.gov
Complete and file the FAFSA online.

FastAid Scholarship Search
www.fastaid.com

Search this database, sponsored by the Cassidy Endowment for Education, for private scholarships, both need- and merit-based.

FastWeb
www.fastweb.com

Browse perhaps the largest and best-known free database of private sources of financial aid, with more than 600,000 awards for undergraduate and graduate study.

FinAid!® The SmartStudent Guide™ to Financial Aid
www.finaid.org

Learn a good deal of information on financial aid and how to apply for it; includes advice on college life and calculators to estimate expected family contribution.

Funding Your Education
www.ed.gov/prog_info/SFA/FYE

Use this U.S. Department of Education publication for a good overview of student aid—the major federal programs and how to apply for them.

Government Services for Students
www.students.gov

Enter a one-stop portal to all the services the federal government has to offer students—from paying for college to getting a passport.

Governor's Scholarships
www.scholarshare.com

Learn more about the Governor's college scholarships for public high schoolers and Scholarshare, the state-sponsored college savings plan.

Help Completing the FAFSA
www.ed.gov/studentaid

Get help here if you're struggling with the FAFSA.

Mapping Your Future
www.mapping-your-future.org

Take steps toward college and a career at this destination for middle and high school students, college students, borrowers, nontraditional students, and parents.

Occupational Outlook Handbook
www.bls.gov/ocohome.htm

Look up job prospects and how much you can expect to earn in your future career.

Peterson's College Quest
www.collegequest.com

Search this database of scholarships from more than 2,000 sources.

The Student Guide for Financial Aid, 2002-2003
www.ed.gov/prog_info/SFA/StudentGuide
Access the U.S. Department of Education's *The Student Guide*, with information on federal student aid programs.

University of California
www.ucop.edu

Glossary

Assets: elements of your and your family's financial worth; includes real estate other than your primary residence, stocks, bonds, cash savings, college savings plans, but generally not a family farm, retirement, or prepaid tuition assets.

Award letter: a letter notifying financial aid applicants of the types and amounts of aid offered, responsibilities, and the terms and conditions of each award.

Campus-based aid: the three federal programs administered by colleges: Perkins loan, Federal Supplemental Educational Opportunity Grant, and Federal Work-Study.

Capitalization: when interest is added to the principal balance of a loan rather than being paid as it accrues; any future interest is then based on the higher loan amount.

Citizen/eligible noncitizen: a U.S. citizen, U.S. national (includes natives of American Samoa and Swain's Island), or a U.S. permanent resident who has an I-151, I-551, or I-551C (Alien Registration Receipt Card). Or a student who has an Arrival-Departure Record (I-94) from the INS with one of the following designations: Refugee; Asylum Granted; Indefinite Parole and/or Humanitarian Parole; Cuban-Haitian Entrant (Status Pending); or Conditional Entrant (valid only if issued before April 1, 1980). Students who have only a Notice to Apply for Permanent Residence (I-171 or I-464) are not eligible for federal student aid.

Cost of attendance: the total cost of college for the school year, also called student budget; includes tuition, fees, books, supplies, transportation, food, housing, personal expenses, and the rental or purchase of a computer.

Default: failure to make loan payments or otherwise honor a loan's terms; reported to credit bureaus and can influence future credit and ability to receive financial aid.

Deferment: a postponement of up to three years in repaying a loan; not for loans in default.

Dependent student: a student under 24 years old who doesn't qualify as an independent student by federal guidelines and whose parental income and asset information is used in calculating his or her expected family contribution. Dependent students must include parental information on the FAFSA to be considered for financial aid.

Direct loans: loans (subsidized and unsubsidized Stafford loans, PLUS loans, and Consolidation loans) offered under the Federal Direct Loan Program, where the federal government acts as the lender and guarantor.

Expected family contribution (EFC): the portion of your and your family's financial resources that should be available to help pay educational costs, based on a federal formula.

FAFSA on the Web: the electronic financial aid application on the Internet that allows you to complete and file the FAFSA online.

Federal Family Education Loan (FFEL) Program: consists of the federal Stafford (subsidized and unsubsidized), PLUS and Consolidation loans. These loans are made by commercial lenders.

Federal methodology: the federal formula, defined by Congress, that is used to determine your expected family contribution.

Federal processor: the federal government's computer system that analyzes the information on your FAFSA, calculates how much you and your family could pay toward college, and sends out the Student Aid Report; also called central processing service.

Financial aid eligibility: the difference between your expected family contribution and the college's student budget; also known as your financial need.

Financial aid package: the total amount of financial aid, usually a combination of grants, loans and employment opportunities.

Forbearance: when a lender allows the borrower to temporarily postpone repaying the principal, but interest continues to accrue, even on subsidized loans; not for loans in default.

GED certificate: General Education Development score used to measure academic achievement to the high school graduate level.

GPA: the average of a student's grades, generally where grades have been converted to a 4.00 scale.

Grace period: the short time period after graduation during which the borrower isn't required to begin repaying his or her loan; six months for Stafford loans, nine months for Perkins loans. There is no grace period for PLUS loans.

Grant: financial aid that doesn't need to be repaid.

Guarantee: a promise to pay a debt if the borrower fails; the government or guaranty agency guarantees student loans made by banks.

Guaranty agency: the agency that insures Federal Family Education loans against default.

Home equity: current home value minus the amount still owed.

Independent college: a nonprofit, private college not run by a government organization.

Independent student: a student who is 24 years old or older, or who is not 24 but is an orphan; a ward of the court; a veteran; married; a graduate or professional student; has legal dependents other than a spouse; or has special circumstances (also see page 5 or the FAFSA).

Institution-based aid: financial assistance programs offered and controlled by the individual colleges, such as alumni scholarships and endowments from private donors.

Interest: the fee charged to borrowers by lenders for using loan money.

Need-based: financial aid that depends on your or your family's financial situation; most government sources of financial aid are need-based.

Occupational/career school: an institution offering a course of study beyond high school to teach specific job skills; also called a vocational or technical school.

PIN: personal identification number from the U.S. Department of Education that serves as your e-signature on the electronic FAFSA.

Promissory note: a legally binding contract between a borrower and lender listing all terms and conditions of a student loan.

Satisfactory academic progress: the progress you must maintain toward a degree or certificate to receive financial aid; your school's written standard of satisfactory academic progress.

Scholarship: gift award based on grades or other achievement; usually not based on financial need.

Selective Service registration: if required by law, you must register, or arrange to register, with the Selective Service to receive federal student aid; applies to males born on or after January 1, 1960, who are at least 18 years old, citizens or eligible noncitizens, and not currently on active duty in the armed forces. (You can register online at www.sss.gov.)

Student Aid Report (SAR): the report summarizing the information you provided on your FAFSA.

Student budget: the total cost of attending a college; also known as the cost of attendance.

Untaxed income: all income received that's not reported to the IRS, or is reported, but not taxed; may include Social Security benefits, Earned Income Credit, welfare payments, untaxed capital gains, interest on tax-free bonds, military allowances, and others.

Verification: the procedure in which a college checks the information you reported on the FAFSA, usually by requesting a copy of your signed tax returns or your parents' returns.

Veteran: a person who served on active duty in the U.S. armed forces and was released under an honorable condition, or who'll be a veteran by June 30, 2002; or who attended a service academy and was released under a condition other than dishonorable (see the FAFSA).



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CREDITS

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This publication contains information on federal student aid programs. While the California Student Aid Commission and EdFUND have made every effort to ensure the information is accurate, the U.S. Department of Education has not reviewed the publication. For legal descriptions of state aid programs, see the California Education Code.

IMPORTANT DATES

High School Juniors

September Start researching your financial aid options, paying close attention to all requirements and deadlines.

March-April Sign up with your high school counselor to take the SAT or ACT.

The 2001-2002 test dates are:

SAT: October 13, November 3, December 1,
January 26, March 16 (SAT I only), May 4, June 1

ACT: September 22, October 27, December 8,
February 9, April 6, June 8

May-August Check out colleges by visiting your high school counselor's office, looking through college directories at your library, visiting college Web sites and taking virtual tours, meeting with college representatives, and writing to colleges. Ask each college about its unique grant, scholarship, and loan programs.

High School Seniors

September Sign up for the SAT and ACT, if you haven't taken them yet or want to again.

October Pick up admissions application packets to the University of California and the California State University at your high school counseling office or nearby campus. Request admissions packets from independent colleges, occupational and career colleges, and out-of-state colleges.

Sign up to get your PIN at www.pin.ed.gov. That way, filing the FAFSA online in January will be much quicker.

November Pick up the FAFSA to apply for state and federal aid, and the GPA Verification Form to apply for a Cal Grant. The online FAFSA is also available at www.fafsa.ed.gov.

Submit your application for fall admission to California State University campuses for priority consideration.

January Submit your FAFSA for federal and state aid. Also, be sure to submit any other applications required for private or college-based financial aid.

March 2 Cal Grant A, B, and C application deadline. Mail your FAFSA to the federal processor postmarked no later than March 2, or file it online no later than 3 p.m. PST March 2. Don't wait until the last minute!

Also, send your GPA Verification Form to the California Student Aid Commission by March 2. Be sure to get a certificate of mailing as evidence everything was sent on time. Using a special mailing service could delay processing.

If any college on your list requires the FAFSA to be filed earlier than March 2 for its student aid programs, be sure to meet that earlier deadline.

June 1 If you're applying for a Cal Grant T, you must file your FAFSA early enough so that you have a complete Student Aid Report with a calculated expected family contribution by the June 1 postmark deadline. You must also send your Cal Grant T GPA Verification Form to the California Student Aid Commission by June 1.

September 2 The second deadline for Cal Grant A and B Competitive awards for students who will be enrolling in a California community college in fall 2002.

Transfer Students

September-October Check with the college you plan to transfer to; most schools process winter or spring transfers in the fall.

